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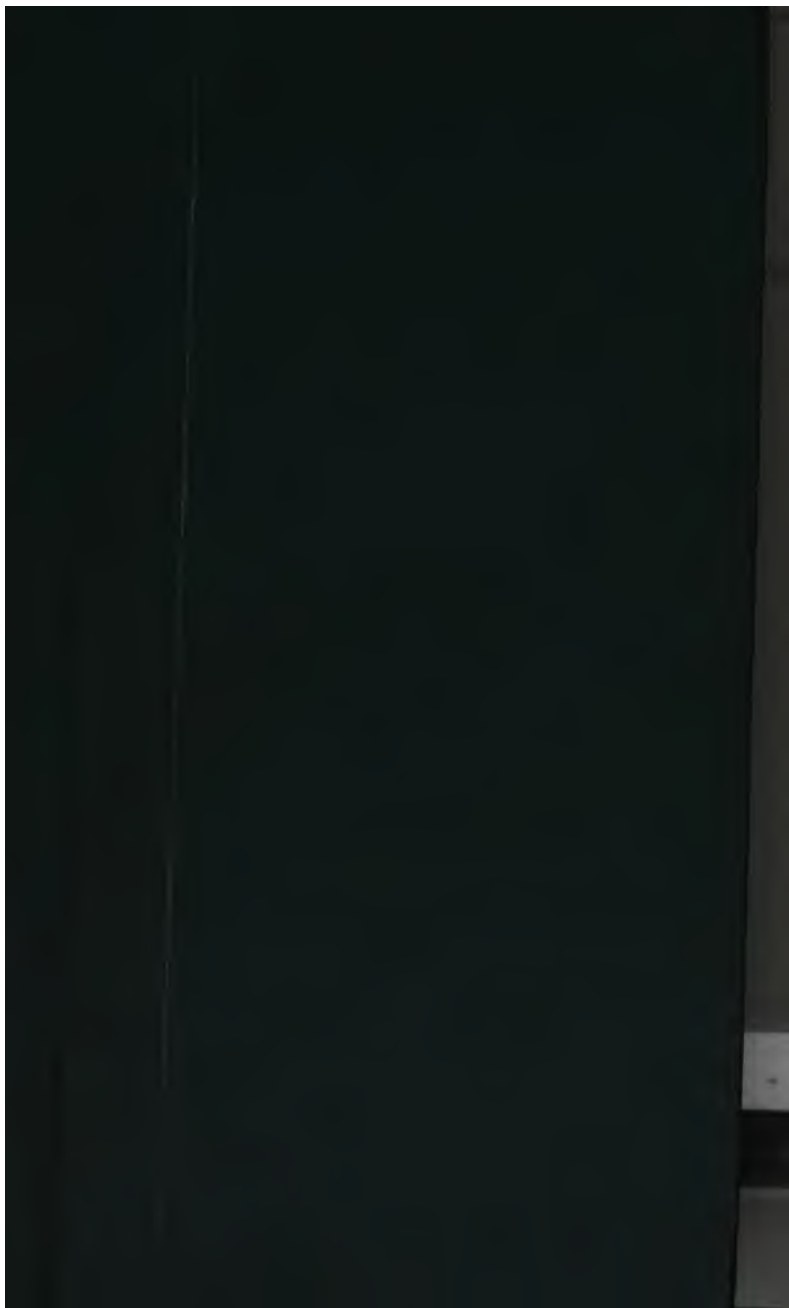
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GREAT BRITAIN,
FOR THE LAST
FORTY YEARS;
BEING AN
HISTORICAL AND ANALYTICAL ACCOUNT
OF ITS
FINANCES,
ECONOMY, & GENERAL CONDITION,
DURING THAT PERIOD.

BY THOMAS HOPKINS.

LONDON :
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1834.

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PREFACE.

THE histories of nations are ordinarily made up of accounts of party struggles, intrigues, negotiations, armaments and battles; and the condition of the great mass of the people is seldom inquired into, or treated of, except when reference is made to the means which that people are able to furnish to the ruling power. In the following pages it is proposed to pursue a different course;—to inquire into the workings of the principal causes which have affected the well-being of the people of Great Britain, during the eventful period of the last forty years;—to shew what were the peculiar circumstances which arose in that time;—to point out the nature of the measures adopted by the government;—to explain the general principles which were in active operation;—and to trace the whole of these causes to their final effects on the condition of the people.

Arranged bodies of statistical facts, taken in chronological order, furnish the materials through which we are enabled to obtain an insight of the nature and magnitude of the causes which were brought into operation, whilst the results are traced by connecting these facts with the workings of the general principles of political economy; and evidence of the final effects on the condition of the people is given in further statistical facts indicative of that condition.

Objections may possibly be felt to the blending of theoretical principles of political economy with statistical facts and important legislative measures; but how are the general effects of important measures on the condition of the people to be traced and exhibited, except upon some known or explained principles? The most dogmatical writer is obliged to say, that the effect produced, whatever it may be, is in accordance with some principle;—he must connect the effect with the cause, agreeably to some law of nature: and the only difference between such a writer and a political economist is, that the dogmatist, having no general system, is obliged to form a separate theory for each case; while the political economist, seeing that nature acts by general laws, in this as well as in every other department of her works, inquires into and endeavours to develope

those laws, and treats of every measure and of its effects with constant reference to them.

As the correctness of the results arrived at depends, in a material degree, on the truth of the general principles advanced, it was considered requisite to give a brief explanation of those principles. In the first chapter, therefore, the true principles which, it is conceived, regulate and determine rent, tithe, profit, and wages, are briefly discussed and explained. Some of these do not accord with the principles laid down by other economical writers; but, in a science so intricate and so new, it is not surprising that differences of opinion should exist. Each reader will, however, be able to judge for himself, whether the facts given strictly harmonize, as they ought to do, with the general principles advanced. If they do *not* so harmonize, the facts being authentic, it follows that the principles must be erroneous; whilst, on the other hand, if they *do* so harmonize, a strong presumption is raised that the principles are sound. Facts and principles may thus be said to test and correct each other; and, whilst theory, by pointing out the way, assists in collecting and classifying the facts, those facts, when arranged and exhibited in proper order, furnish means of judging of the truth of the theory.

It would have been easy to go into more minute detail in the matter given, but the object has been to exhibit such important facts alone, as either have had a considerable influence on the state of the country, or have thrown a light upon that state. The authorities have been commonly named, and their general accuracy, it is conceived, may be relied upon.

The great improvements in manufactures, the extension of foreign commerce, and the consequent alteration in the value of the precious metals, added to the existence of a depreciated paper currency, produced, during this period, results, the precise nature and extent of which are not yet understood, as appears from the various opinions entertained respecting those results; whilst the power of the government to raise such immense sums as they did, during the war, in loans and taxes, seems, even after the lapse of so long a time, to be still almost inexplicable. These subjects, it is presumed, are of so much importance as to justify a more elaborate examination than any to which they had previously been subjected. The large amount borrowed at the time, for which interest is now paid, gives additional importance to those subjects, and makes it doubly desirable that correct opinions should be formed relative to the

causes which then determined the value of the currency. Another general European war may soon take place, when expedients for raising money, by loans and taxes, similar to those adopted in the last war, will, doubtless, be again resorted to. Hence the necessity of being able correctly to appreciate the peculiar circumstances under which those expedients were successful.

A war of twenty years' duration, with an expenditure of wealth perfectly unparalleled, yet accompanied by comparative prosperity, followed by peace for an equal period, with considerable economy and retrenchment, attended by adversity, presents an anomaly which no one has hitherto successfully endeavoured to explain. In this volume it is attempted to be done, in as brief a manner as appears compatible with perspicuity. Others may hereafter separately and minutely examine the various subjects which, for the purpose of historical exhibition, have been here brought together, in chronological order, as nearly as was compatible with a proper enumeration of the numerous statistical facts on which all the arguments and conclusions finally rest.

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GREAT BRITAIN,

FOR THE LAST

FORTY YEARS.

CHAP. I.

INTRODUCTION.

NATIONS ARE CONSTITUTED OF DIFFERENT CLASSES, WITH SEPARATE INTERESTS.—INTERESTS OF LANDOWNERS, AND OF CAPITALISTS.—THEORIES OF RENT OF LAND; OF ADAM SMITH, RICARDO, AND THOMPSON.—TITHES.—PROFIT, AND THE EFFECTS OF TAXES AND LOANS UPON IT.—PRODUCTIVENESS OF LABOUR.—POPULATION.—GROSS AND NET WEALTH.—PRIMARY AND SECONDARY PRODUCERS.—WAGES.—RELATION OF CAPITAL TO POPULATION.—REPRODUCTION OF CAPITAL.—FOREIGN COMMERCE.—EMPLOYMENT.—TAXES.

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NATIONS, when considered in their relations to each other, are generally viewed as simple aggregate bodies, affecting each other in various ways, in a state of peace as well as in a state of war. The rise of one nation may cause the decline of another, and then it is considered that the whole of the former flourishes, and the whole of the latter decays. No analysis of compo-

nent parts is thought necessary, when nations are thus exhibited in relation to each other. The aggrandizement of Rome was attended with the downfall of Carthage, the advance of Venice with the decline of Genoa, and when speaking of them relatively to each other, we view each of these states in its aggregate character, as a single political body. But an enquiry into the causes of the rise or fall of a single state will lead us into an examination of the internal workings of the various component parts of which it is constituted; and such an enquiry will often shew that national success, and even what is frequently called national prosperity, is not always accompanied by improvement in the condition of the great body of the people. Not only may conquests be made, but foreign commerce may possibly be extended, at the expense of national happiness. The negro slaves of Jamaica would not necessarily have their condition improved by an increased export of the produce of their labour, nor is the condition of the Egyptians rendered better, at present, by the flourishing external trade carried on by their ruler. A rise of rent in Ireland, and a consequent increase of the exports of landed produce to pay that rent to absentee proprietors, would not add to the comforts of the Irish cultivators of the soil. We are, therefore, not at liberty to infer that a nation is necessarily prosperous, because it has an increasing foreign commerce, as it is quite possible that that commerce may benefit one class at the expense of the rest of the community.

In a country like Great Britain the nation is made up of various classes, whose interests are often not only different from, but opposed to, each other. That which benefits one class may injure another, and,

consequently, while one class is flourishing another may be going to decay.

The principal bodies of which the state of Great Britain is composed admit of a tolerably distinct classification, according to their different interests; and if we are to trace the results of many important measures which have been adopted at different times, on the various classes which constitute the community, we must first carefully analyse that community, and discover the particular position and interests of each class. Without this analysis it is impossible that we should be able to ascertain the effects of many measures which have materially affected the well-being of different portions of the community.

It is often said that the whole people are bound together by a common tie of interest, and this, to a certain extent, is true. A nation may be in danger of being destroyed by a powerful neighbour, and the whole of this nation would clearly have a common interest in avoiding such an evil. The blockade of its ports and the destruction of its foreign trade might affect all classes injuriously, and all would, consequently, be interested in preventing such occurrences. But it does not follow that some measures may not benefit one class at the expense of all the others. Monopolies have almost invariably this effect. Those who obtain a monopoly are benefited by it at the expense of other parties who pay a high monopoly price for the article. The East India Company, for instance, having the exclusive right of trading to China, are thereby enabled to compel the people of England to pay nearly double the price for common tea that they could obtain it for under a system of free trade. Now there can be no doubt that the destruction

of this monopoly, and the establishment of a free trade to China, would injure the East India Company, and benefit the people of Great Britain.*

The sugar growers of the West Indies have a partial monopoly of the British sugar market, in the favourable rate of duty at which their sugar is admitted, and in the bounty on that portion which is re-exported in a refined state. The higher duty charged on Baltic timber gives a degree of monopoly to the importer of timber from Canada. The particular parties thus favoured receive higher prices for their produce than they would obtain under a system of free trade, and are benefited at the expense of the consumers, that is, the rest of the community. Restrictions on the importation of foreign food might enable the home producers of it to obtain so high a price, as to enrich themselves, or their landlords, to the complete impoverishment of the rest of the people. These are a few familiar instances, which shew that different parties in a nation may be differently affected by particular measures; that one may be benefited by that which injures another.

But these partial interests do not emanate exclusively from measures of restrictive regulation in foreign commerce. They may arise out of the very nature and structure of society. They may either be the offspring of recent legislative enactment, or the result of the slow and almost imperceptible progress of circumstances during a long period of time. To the fostering and nourishing of partial interests in opposition to the general good, either by the passing of new

* Since this was written measures have been taken to terminate the monopoly, but the argument remains the same.

laws, or by obstinate adherence to old ones, may be ascribed the decline of most of the states which once flourished in the world, but are now no more. The true causes of national decay, when subjected to strict investigation, will generally be found to have been the nurturing of such partial interests. They absorb to themselves what should equally nourish the whole body; and impoverishment, decay, and death follow. Partial interests are a kind of political vampires, which live and, for a time, flourish upon the life blood of nations; and though such nations may struggle on for centuries, their deaths are not the less certain, if the causes of their decay be suffered to continue in operation.

Such being the consequences of fostering partial interests, at the expense of the general good, it becomes the business of the historian, when writing the history of a nation, to point out the particular workings of these interests, to trace their effects in the condition of the people, and finally in the rise or decline of the state. But the attention of historians has seldom been directed to these subjects. In a state they have generally seen only a government and a military force, and their histories are made up almost entirely of accounts of the hostile conflicts of armies, and the luxuries, the intrigues, and the treacheries of courts. Sometimes, it is true, they have attempted to follow the operations of a particular law or treaty, where it had an immediate and palpable effect on the community; but seldom indeed have they attempted to trace in the institutions or internal economy of the country, the slow and silent workings, in which all parties participate, of those causes which are constantly effecting changes in the relative conditions of the different classes of which the nation is composed.

One great partial interest in a nation, which may be, and often is, opposed to the general good, is that of the owners of land. The public welfare requires that land, under certain restrictions, should be considered as exclusive private property. But if all the land in the country is in the possession of a small number of its inhabitants, and the remainder become dependent on that land for a supply of food, the proprietors have a monopoly of that which is essential to the existence of the rest of the people, and that monopoly may be used to the promotion of their own immediate interests, and to the injury of all other classes. This monopoly arises partly from natural causes, nature having furnished but a limited supply of land; and partly from social regulations, by which the exclusive possession of this limited supply is guaranteed to a few individuals.

The securing to each man of the fruits of his labour, more or less effectually, appears to be essentially necessary to the existence of any considerable community. And from the various dispositions of men, some are found disposed to accumulate such fruits, while others consume them in immediate enjoyment. A consequence of this different conduct is, that some are in possession of certain stocks of these fruits, denominated wealth, while others are destitute of them. Now if the owner of this wealth lend, or in any way advance a portion of it to one who wishes to use it, such owner may stipulate to have, not only an equal quantity of wealth returned at a subsequent period, but also something exceeding an equal quantity, as a remuneration for the accommodation afforded by the loan or advance. This excess is called *profit*; and it may be much or little compared with the quan-

tity advanced. It is evidently the immediate interest of the party advancing to obtain much profit, and it is as evidently the immediate interest of the party to whom the advance is made, to pay as little profit as possible. Now in a state circumstanced as Great Britain is at present, these parties represent two numerous classes. The party advancing represents the capitalists, whose immediate interest it is to have as high a profit as possible, and the party to whom the advance is made represents the labouring portion of the community, who are without capital, and whose immediate interest it is that as low a profit as possible should be paid for the advance. Here, then, we have two classes in a nation, whose immediate interests are directly opposed, and particular measures or systems of policy may most materially affect the relative conditions of these two classes—enriching the one at the expense of the other.

The capitalists, however, unlike land proprietors, cannot be considered as monopolists, seeing that they are merely in the possession and use of the fruits of their own industry, or of the industry of their forefathers. If all labourers had been equally industrious and economical, all labourers would have been also owners of wealth, and there would have been no separate class of capitalists. But to be in possession of the fruits of industry, which all might have had if they had used the same means of obtaining them, is not to be in possession of a monopoly. The fruits of industry are, to some extent, always within the reach of the industrious and economical, as such fruits are regularly created by labour, and may be accumulated by economy. Capital, therefore, differs from land, seeing that the former is the creation of labour, and

is renewed and may be indefinitely increased by labour ; but land is the gift of nature, is limited in quantity, and appropriated by man in his social character, and when it is all possessed by a few to the exclusion of the many—those few are monopolists.

The effect of the monopoly of the *land* by a few is, that they exact a rent or payment from others for permission to use the land, and this rent may be low or high ; and the effect of the exclusive possession of *capital* by a part of the community is the exaction from the rest, in some shape or form, of a profit for the mere use of the capital, and this profit, according to circumstances, may be high or low. The general laws of nature, which regulate these payments of rent and profit, and also those particular laws and systems of social polity which modify the natural laws, become, therefore, most interesting objects of enquiry.

In tracing the state of Great Britain and the condition of its people during the last forty years, among other causes affecting that state and condition, the influence of varying rates of rent and profit will have to be considered in connexion with measures which modified those rates. But previously to going into an examination of the particular causes which affected rent and profit, it is highly desirable, or rather essentially necessary, that we should ascertain what those laws of nature are which determine that such payments should be made.

RENT OF LAND.

There have been different theories relative to the principle which determines the payment of a rent, in return for permission to cultivate land. The French economists, Quesnai and others, maintained that it was the amount of produce above what was required

to furnish wages and profit; but they did not shew what determined the amounts of such wages and profit, or why wages and profit should not take the whole of the produce. Dr. Adam Smith evidently had not a distinct conception of the nature of rent, as he represents it at one time as being that part of market price which is above the natural price, thereby agreeing in substance with the French economists; and at another time he represents it as that part of market price which was above the cost price, and which was obtained through a monopoly of the land.* But the theory of rent which is generally adopted in the present day is that which is named after Mr. Ricardo. This writer exhibits rent as the result or effect of cultivating successively portions of land diminishing in fertility, or of applying successive *doses* (as his disciple, Mr. Mill, calls them) of capital to the same land, the various doses yielding successively smaller returns.

If this theory were true, the amount of rent of land in every country in the world would be determined by the difference in the returns from equal quantities of capital applied to land; but this is well known to be contrary to facts. In Tuscany, and other parts of

* "Rent," says Dr. Smith, "considered as the price paid for the use of land, is naturally the highest which the tenant can afford to pay in the actual circumstances of the land." And again, "The rent of land, therefore, considered as the price paid for the use of the land, is naturally a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take, but to what the farmer can afford to give."—*Wealth of Nations*, book I. chap. 11. If Dr. Smith, instead of saying that rent is the highest which the farmer can afford to pay, had said that it may be made the highest that the farmer can possibly pay, it will presently be shown that he would have justly characterized rent; but he afterwards speaks of rent being "the effect" of high price of produce, and indeed gives the theory of rent recently revived by Col. Thompson.

Italy, the rent on all the land, rich and poor alike, is one half of the produce! Here, then, it is palpably evident that the rent paid does not accord with the theory.

Mr. Ricardo, in developing his theory, assumes that there is a natural inequality in the returns for equal quantities of capital or labour on lands of different fertilities, rich land yielding more and poor land less produce;* but this is not *necessarily true*. It is true only when the parties are restricted to equal *extents* of land. Suffer one party to have double the quantity of land, only a little inferior in fertility, and he *might* obtain a greater return for equal labour than could be obtained from the smaller quantity of more fertile land. If the party using the best land has as great an extent as can be beneficially used by his labour, while the other party is obliged to go to poorer land, it is a consequence of the former having a monopoly of the rich land, that is, of having an *exclusive* right to it; and all the advantage which he obtains is the result of that monopoly, and not of any natural inequality in the returns from equal quantities of labour; for, were it not for this monopoly, labour would not go to the poorer land, where it could obtain only a smaller return, but would employ itself on the rich land, where it could get the larger return. There is, therefore, no natural inequality in the returns from equal quantities of labour, but the inequality which actually exists arises from the right of property in, and consequent exclusive possession of, the best land; which right of property is the offspring of social institutions, and not a law of nature.

* See 'Principles of Political Economy and Taxation,' by D. Ricardo.

Those who, through a right of property, have exclusive possession of all the best land, may either cultivate that land themselves, and enjoy the large return that it will yield, or they may permit other persons to cultivate it, and make a charge, or exact a rent, for the permission thus given; but this rent is evidently obtainable in consequence of the monopoly enjoyed, and not through the unequally productive power of labour. If, instead of paying a rent, those who have not any of the best land were to go to poorer land, where they could obtain only a smaller return, this would not shew that nature had caused labour to produce unequal returns, but that the monopoly of the rich land had prematurely forced labour upon poor land, and thus made it unequally productive. If left to itself, unchecked by the monopoly, labour would have remained on the rich land, and shared in the highest returns.

The existence of poorer land,—from which a somewhat smaller return can be obtained by labour when a rent is demanded for the best land,—so far from being a cause of rent being exacted, is a check to the amount of exaction. If no poorer land existed, the monopoly of the rich land would be a more complete monopoly, and those who possessed it might exact greater advantages than they could when the existence of poorer land checked, and, for the time, limited the extent of their monopoly. Exclusive possession, as the result of private property in land, therefore, gives the monopoly of the rich independent of the existence of the poor land, and the monopolists may, where no poor land exists, charge to others such a rent for permission to use their land as in their discretion they may think fit.

The land of a second quality may, in like manner, become exclusive private property, and a rent be charged for it; and if there should be land of a third quality, labour might be driven to cultivate it,* by the high rent required by the owners of the land of the two better qualities; and in the same way the exaction of rent might drive labour upon lands of the fourth, fifth, and still inferior qualities, until the poorest lands were cultivated, and the whole soil of the country became exclusive private property in the hands of a small portion of the community.

The monopolists might now exact from the cultivators, and through them from the rest of the community, such a rent as they in their discretion pleased, and as it was possible for the cultivators to pay; seeing that the owners of all the land in the country would now be in the same situation relatively to the rest of the community, as the owners of the best land were shewn to be when they held all that land, and there was none other in existence.†

The different qualities of land have in reality nothing to do with the principle of rent. One country might possibly have lands of twenty different qualities, and another country might have land of only one quality. Being in the hands of a separate class, the lands of the latter country might be charged a rent of *five* shillings, or *ten* shillings, or *twenty* shillings an acre per annum, accordingly as the owners chose to charge one or other of those sums, or any farther amount that it was possible for the cultivators to pay; and, in like manner, the owners of the lands in the former country, of

* This process is now going on in the United States of America.

† Great Britain, Ireland, France, and Italy are in various stages of this state.

twenty different qualities, might charge from sixpence to ten shillings per acre, the average being *five* shillings—or from one shilling to twenty shillings, the average being *ten* shillings—or from two shillings to forty, the average being *twenty* shillings,—or any other average that the cultivators could pay. In the country where the lands are of different qualities, we have only to consider the mean or average rate as the rate of rent ; and where the land is all of one quality, the rent of any part may be taken as a sample of the whole. Competition, be it observed, will be always active to prevent any one portion of land, in either country, from falling below the general or average rate, according to its quality ; for, if any such portion were to be offered, there would be such a competition to obtain it as would soon bring it up to the general rate, whatever that might be. The rent of each portion, therefore, according to its quality, would tend to a certain relation to the mean rent. Where there were lands of twenty qualities, the mean being ten shillings, the worst would always have a tendency to be at one shilling, and the best at twenty shillings ; if the mean were to be twenty, the worst would tend to two shillings and the best to forty, and so on, whatever the average might be. In like manner, where the land was of one quality, and the rent ten shillings an acre, every acre would have a tendency to let at that rate. If any were to be put up by auction at nine shillings, competitors would not suffer it to be let at that sum. Competition is, in fact, always at work to equalize the rate of rent, whatever that rate may be, whether high or low.

Mr. Ricardo, and his followers, Mr. Mill and others, in their expositions of his theory of rent, speak of

successive portions or doses of capital applied to the same land yielding unequal returns, and the difference in the returns, they say, constitutes natural rent. This is, however, an unauthorized and groundless assumption. The capital applied to any piece of land for the production of a crop is a whole quantity, and produces a simple and undivided result, and the capital is no more separable into doses than the crop. The one is a whole quantity producing another whole quantity. It is true the quantity of capital applied may be much or little, and the returns in the crop may vary accordingly;—but whether much or little, each crop is produced by some certain whole quantity of capital, which is not separable into successive doses.

But if we choose to imagine such a separation, still it would not follow, as Mr. Ricardo and those of his school assert, that each successive dose yields a smaller return. When a country is first occupied, the capital brought from other countries and applied to the land yields a very small return, as is proved by the difficulty with which settlers in a new country maintain themselves. But when, through great labour and severe privations, they are enabled to apply more capital to the land, the rate of return is *increased*. Capital yields a greater return from the old settled lands of the United States of America than from the new countries in the west. The back-woodsman obtains the smallest return for his labour and capital—his is a life of severe labour and great suffering, such as the most hardy alone can endure. The first settler obtains a very poor return, until, by great exertion and economy, he has accumulated, and is enabled to apply, what the disciples of Mr. Ricardo would call a second or third dose of capital to his land, when his rate of return is augmented.

Until that time he gets less for his labour than would be paid to him by a capitalist in the older settled parts of the country, who might, out of his returns, have his own profit to make, and also a rent to pay. In Great Britain the return for capital applied to the land is greater than in the old settled parts of America. Now if we imagine that four doses of capital have been applied to the land in Great Britain beyond what has been applied by the first settler in America, each of these imaginary doses may be considered to have given a greater return than the preceding, as each is known to have augmented the general rate of the return. The admission, therefore, of the possible divisibility of the capital used in producing any given crop into different doses, would not prove that these doses successively yielded inferior returns, as the reverse of this may be, and in point of fact has been true. Indeed, while additional capital applied to the land in the United States of America is producing an increased rate of return, rent is regularly paid for the land; the rent, therefore, cannot be caused by the inferior productive powers of successive doses of capital.*

It is clearly evident that if one party has possession of land, upon the cultivation of which another party is dependent for a subsistence, the former can exact from the latter such remuneration as he pleases, without reference to the quantity or doses of capital employed. The only limit to the possible exaction is in the limited ability of the cultivator to pay; and this ability may be taxed to a moderate extent, or to the utmost extent that it is able to bear.†

* The erroneous nature of the Ricardo theory of rent adopted by Mill, M'Culloch, and others, vitiates the whole of their economical system.

† For a more full elucidation of the nature of rent see my 'Rent of Land.'

Colonel Thompson, in his 'True Theory of Rent,' successfully opposes the Ricardo theory, and shews that the existence of different soils is merely an accidental circumstance, which does not affect the theory or true principle of rent; yet he appears to be so involved and entangled in the theory he is opposing as to be unable to escape from its errors. This is shewn in the beginning of his essay, where he says that "The simple cause of rent is the limited quantity of the land in comparison with the competitors for its produce." This is incorrect. The cause of rent is to be found not in the limited quantity of the land compared with the competitors for its produce, but in *the exclusive possession of the land by ONE CLASS*, while another class is dependent upon it for a subsistence. The former class is thereby enabled to *take advantage* of the latter, and to compel it to pay a rent for the use of the land. If there were only two men on the Isle of Wight, and one of them was the acknowledged owner of the whole island, whilst the other was without land, and wanted it for the purpose of raising a subsistence, the former would be able to charge the latter what rent he pleased, and the latter must pay it, or leave the island. It is left to the prudence or discretion of the owner to say what shall be the amount of rent. He could not, it is true, obtain more than the other was able to pay; but, within the limit of that ability, any amount *might* be exacted from him. If there were fifty owners and fifty non-owners, rent might be exacted on just the same principles by the former from the latter. If the island were densely peopled, and one half or one fourth were owners, and the other half or three fourths were non-owners, rent might be taken by the one class from the other, from just the same

cause as that which enabled the one owner to take it from the one non-owner. On the other hand, the island might be thickly inhabited, or the competitors for landed *produce* might be very numerous compared with the quantity of land, and yet if all were *equal land proprietors* there would be no rent paid. Rent, therefore, does not depend upon the limited quantity of the land compared with the competitors for its produce.

When the landowners are few in number, and the non-owners, or the rest of the community, are numerous, it is true that these circumstances enable the owners to obtain more rent than they could if the rest of the community were but few in number; but this is because the numerous population is *able* to pay the larger amount of rent:—in both cases, however, the owners are equally at liberty to exact as high a rent as the cultivators are able to pay. There are parts of the world, as in Italy, Greece, and Hindoostan, where the population is very scanty, and yet where one half, or even three fourths of the produce are taken as rent. In these countries the competitors for the produce are not numerous compared with the quantity of land, but the owners take advantage of their monopoly to exact, from the few who are without land, a very large proportion of the produce which they raise by their labour.

This writer, proceeding on the ground that rent arises from the number of competitors for landed produce, goes on to say, that “if the right of property in land was vested in a number of owners who were without the means of bringing the land into immediate cultivation, it would be equally plain that the competition among these owners would, in the commencement, reduce the rent which any of them could obtain

to the lowest possible magnitude, which is, in fact, no magnitude at all." This is sufficiently obscure, but let us endeavour to ascertain its meaning. In substance we may suppose the writer says,—that if the landowners, who held all the land in the country, had more than they could themselves cultivate, they would let somebody else cultivate the remainder without payment of rent. Now, if this were the fact,—if they would suffer others to *begin* to cultivate their lands without requiring rent, they might just as well suffer them to continue so to do. If the first man who presented himself were to be allowed land rent free, the second would have the same claim to equal privilege; and the third, the fourth, and all succeeding applicants might equally be allowed to cultivate it rent free, seeing that there is no reason for charging *a rent* to the twentieth or the five hundredth, which would not apply to the first party. The *amount* of the rent is another point, but *a rent* might be charged by the owners to the first applicant for the land for just the same reason that it could be charged on the hundredth. It is true, that when there are many owners with lands to let, and few who offer to take the land, the owners may (or they may not) bid against each other in order to procure tenants, offering their lands at lower and still lower rents; but there is no reason to suppose that any one would let his lands *rent free*. We know, however, that there are many parts of the world in which the lands are neither fully nor even one half occupied, and yet a high rent, compared with the amount of produce obtained, is exacted from parties who occupy portions of these lands; thus shewing that landowners may, under some circumstances, prefer having lands unoccupied to letting them at a low rent.

Colonel Thompson afterwards says that rents naturally and necessarily increase as the landless population increases, until the landowners "get rich through the simple fact of their being the landowners, and there being no more land to own;" whereas he should have said that they get rich through voluntarily taking advantage of their monopoly to exact from their tenants, and, through them, from the rest of the community, a *rent*, which rent may be low, or may be high—indeed as high as the rest of the community can possibly pay. The landowner, it is to be observed, when he lets his land to a tenant, suffers the tenant to have all the benefit arising from the limited quantity and consequent natural monopoly of the land, on condition that he, the tenant, shall pay the owner a stipulated value or rent; and if the tenant sells the produce to a third party, *he*, the tenant, charges, in the price he puts on that produce, not merely the cost of production in ordinary wages and profits, but also the rent which he is obliged to pay. If he did not charge this additional price he would not obtain for himself ordinary wages and profits; and as the third parties must have the produce, whatever may be its price, they are obliged to pay the rent charge, in addition to the cost in wages and profits. The rent thus raises what would otherwise be the market price of landed produce; yet Thompson says that there is a *natural* 'residuum' left after the farmer has got his wages and profits, and that this residuum is rent, agreeing with Mr. Ricardo that "rent will be paid because corn sells high, and not corn sells high because rent is paid."

In a subsequent paragraph the same writer supposes a case of a landowner who farms his own land, the ordinary rate of profit on capital in the country being

£10. per cent. He is presumed to expend £1,000. a year in cultivation. To replace this, and to afford the ordinary profit, the produce should sell for £1,100. but it is stated, or assumed to sell for £1,200. Now the real question is, *why* should this sum of £1,000. employed on the land raise produce which will sell for £1,200. and thus yield £20. per cent. while the same sum employed in any other way would return only £10. per cent.? In any other employment, where there was no monopoly, if at any time a return of £20. per cent. should be made, while the common rate was only £10. per cent. capital would flow from other employments to this, which yielded double profit, until the profit in it came down to the common level; and this would be precisely the case in cultivating land, if capital were permitted to flow to it unobstructed by rent. The rate of profit being £10. per cent. no one £1,000. would be permitted to obtain a profit of £20. per cent. on a particular piece of land : £100. or £200. more would flow from other employments to this land, until, by increased cultivation, and consequent increased production of landed produce, the quantity was increased, and the price, compared with the prices of other commodities, reduced so low as merely to replace the amount laid out, and to furnish the ordinary £10. per cent. profit, leaving nothing for rent. It is clear that, if capital were to be allowed to flow freely to the cultivation of the land, in the same way that it does to the different branches of manufactures and commerce, that the same principles of competition, which prevented any portion of capital from obtaining more than the ordinary returns in those departments, would equally apply to the cultivation of the land. Now the obstruction to the free flow of capital to land is evi-

dently the demand made for a rent by the owner, in consequence of the monopoly of the land which he possesses, as the price of his permission to use that land : £100. being required as the rent of the farm (supposed by Thompson), it *becomes necessary* that the produce should sell for £1,200. in order to have £1,100. as the return of the £1,000. and the ordinary rate of profit. Rent is, therefore, the cause of the high price, and not the effect of it.

An erroneous theory is often found to be based on some apparently trivial error in laying down the first principles of that theory, and this appears to be the case with Thompson's 'True theory.' He says that the cause of rent is "the limited quantity of the land in comparison with the competitors *for its PRODUCE.*" Now the competition is not for the *produce* of the land, but for the land itself. Suffer these competitors to use the land in the way in which the owners are using it, and they will supply themselves with produce. There is competition for fish caught in the sea, as well as for landed produce ; but as the sea is not appropriated by a separate class who tax fishermen, the competition for fish does not cause the price of fish to rise so high as to afford the payment of a rent or tax out of that price. If fishermen attempted to charge such a price, other persons would become fishermen, increase the supply, bring down the price, and make the trade of the fisherman yield not more than ordinary wages. The produce of the land is scarce, and high in price, *not merely* because the land is limited in quantity, for the sea is also limited in quantity, but because those who want landed produce are not permitted to raise that produce from the land, without paying a consideration or rent for the permission to those who have appropriated the

land to their own exclusive use. If no consideration of that kind were required, a fisherman or a manufacturer would not give the fruits of eight days' labour for the fruits of six days of agricultural labour. If so unequal an exchange were required, some of the manufacturers or fishermen would transfer their labour from manufactures or fishing to agriculture; and thus, by increasing the supply of landed produce, and decreasing the supply of manufactures or fish, establish an equilibrium in their exchangeable values. Such a transfer is prevented only by the exaction of a rent. It cannot be true, then, that rent arises from the competitors for *landed produce* being numerous compared with the quantity of land, seeing that all which these competitors want is to be permitted to labour on the limited quantity of land which is in existence, in order to raise *that produce* for themselves; and all that Thompson has said respecting manufacturing wages naturally falling as population increases, only proves this, that landowners, by charging a high rent, compel those who cultivate their lands to pay that rent, which reduces the wages of the cultivators: and when any part of this produce is sold to manufacturers, the rent is charged in the price of the articles, in addition to what the price would be if there were no rent. The consequence is, that the results of, say six, or even four days of agricultural labour are sold for, or exchanged against, say eight days of manufacturing labour, the difference between the prices of the two results of labour being the amount of the rent.

Thompson attempts to illustrate his theory by a reference to the land which produces Tokay wine. This land is small in extent, and the competitors for its produce are numerous, and able to pay a high price

for it ; and all that can be obtained is exacted in the high price of the wine. Landowners, when circumstances induce them to act together, have precisely the same kind of power to exact a high price for food, or for permission to raise it ; and they sometimes exercise that power, so as, at last, to destroy many of those who are compelled to submit to the monopoly price. When Italian or Irish landowners stipulate to have one half of the produce, or of the value of it, they exercise their monopoly power to the great disadvantage of the producers and other consumers of that produce. When the British landlord takes only a fourth of the value of the produce, he exercises his monopoly power less to their disadvantage. Still, in all the cases, the exaction arises from the power conferred by the monopoly, whether that power is or is not exercised with moderation. There is, however, this difference between the cases of Tokay and food—the parties who purchase Tokay can decline to take it, it not being essential to their existence ; but those who purchase food, or permission to raise it, are obliged to obtain it or perish. It is necessity which compels those who have no land, to give their labour for only one half the produce raised by that labour, or by other equal labour. They do not willingly do this, but are compelled by the monopolist to submit to it as a preliminary condition of obtaining food, or the means of raising it. The proof of it is in this fact—remove the monopoly, and labour will supply itself with produce, keeping the whole quantity raised, and competition would soon equalize wages in agriculture and manufactures : and when landowners, from their wants arising out of luxurious habits, from exciting tenants to bid against each other, from established custom, or from any other cause, exact a half of the

produce, or the value of it, the producers have no more power to avoid the payment of the half than they have to avoid the payment of one fourth, one eighth, or any other smaller proportion ; the ability to pay the exaction, and also to subsist themselves, being the only natural limit.

The nature of rent is well exhibited in the following extract from the 'Companion to the Almanack for 1833,' describing the systems of letting lands in India.

" It is evident that, however advantageous the Zamindary system might be to the few who should become possessed under it of a kind of property in the land, it would yet leave the actual cultivators, who form the mass of the population, as completely as ever in the *power of their landlords*. Unfortunately the Indian is, in general, too prone to convert power into a means of oppressing those dependent on him, to leave much room for hoping that the ryots (the cultivators) would have their interests consulted or their rights respected under that system ; and the Indian government has latterly become the purchaser of all estates which have been brought to sale, with the view of abolishing an authority which has stood between itself and the dispensation of that measure of just and benevolent government which it feels called upon to administer to all its subjects. In proportion as it succeeds in obtaining possession of the estates in Bengal, the government substitutes for this Zamindary system another which it has always principally followed at the other presidencies, and which, as it admits of no intervening authority between its officers and the actual cultivators, the ryots, is known under the name of the ryotwary system. The principal feature of this mode of administering the land revenue consists in this, that

the government makes its bargain with each individual cultivator for the rent of his holding. In fixing these amounts in former years, too much of the old leaven of oppression was used by the officers of government, and the assessments were laid at *so high a rate that it has scarcely ever been found possible to adhere to them*, so that a sort of bargain has to be made annually with the ryots, in settling which a great deal of discretion must necessarily rest with the officers. In this manner, *the legal claim of the government is, with but few exceptions*, ALWAYS GREATER THAN CAN BE ENFORCED WITHOUT RUINING THE TENANT."

Thus it has been shewn that rent is a tax levied by the landowners as monopolists, and that that tax is charged on the consumers of landed produce in an addition to its price, in the same way that a tax upon tea, malt, hops, or any other commodity, is charged in an increased price of the article. The only difference is, that in the former case the tax is paid to one class of the community by the whole of the remainder, who are the consumers, whereas, in the latter case, it is paid by the consumers to the government.

Rent of land being then a tax, that tax may be low or it may be high. At one time the aggregate amount of the rent paid in the country might be, say twenty millions sterling, at another time it might be forty millions sterling, and the condition of the country would be very different in the former to what it would be in the latter case. When rent was twenty millions, that sum would be furnished from the produce of the labour and capital of the country, and the remainder of that produce would be wages and profits; but if instead of twenty the rent was forty millions, then this latter sum would be abstracted from the annual pro-

duce of labour and capital, and the portion remaining for wages and profits would be materially reduced.

When rent was £20,000,000. the land proprietors and their families, dependents, assistants, and tradespeople, all either living directly on the rent, or on the expenditure of it, might be in number, say 500,000 persons, but when rent was £40,000,000. they might amount to 1,000,000 of persons. Now supposing the total population to have been 10,000,000, only one-twentieth would, in the former case, have been living upon the rent tax, but in the latter case one-tenth would have been so living; and in the former case nineteen-twentieths of the people would have contributed to the *payment* of the rent, while in the latter case only eighteen-twentieths, or nine-tenths would have so contributed. Thus not only does a rise of rent increase the rent tax in amount to the extent of that rise, but the higher tax has to be paid by a *smaller number* of persons! The rate of rent, and, consequently, the aggregate amount have, therefore, a material influence on the state of society in such a country as Great Britain; and it becomes of great importance that we should trace its advance, shew its extent, and point out, as clearly as we can, the way in which society, and the various classes of which it is composed, are affected by it.

For the purpose of having an analytical view of the subject, let us suppose that

9,500,000 persons produce wealth annually to the average amount of £20. each, or a total of £190,000,000	
and pay as rent	20,000,000
when there would be left for wages and	
profits	£170,000,000
giving an average of nearly £18. for each person.	

But let rent be raised to forty millions, and the number of persons subsisted on it be increased to one million, and then the account would stand thus :—

9,000,000 of persons produce at £20. each	£180,000,000
and pay as rent	40,000,000
and they would have left for wages and	_____
profits only	£140,000,000

which, divided among the nine millions of persons, would leave for each person an average of only about £15. 11s. and this is the way in which an advance of rent really operates on the condition of the people.

TITHES.

Tithes, where generally exacted, constitute an additional tax on land, and are taken from the amount which would otherwise go to make up wages and profits, *after rent had been paid*, or stipulated to be paid; and of course they further reduce wages and profits to the extent of the amount abstracted.

Collecting the tax, in the form of a tithe of the produce, is generally supposed to have an injurious influence on cultivation beyond the amount actually taken, it being presumed that tithes check improvements in agriculture; the reasons advanced for this opinion appear not to be well founded.—See my ‘Rent of Land,’ &c.

Colonel Thompson has endeavoured, as already stated, to shew that rent arises from the demand for landed produce exceeding the supply, and that the extent of that excess of demand determined the natural amount of rent;—meaning by that term the residuum left after paying ordinary wages and profits. This theory of the nature of rent has been shewn to be erroneous; and the conclusion which he draws from his theory, that tithe is a part of this natural residuum,

and is, therefore, taken from what would otherwise be rent, is equally erroneous. If landowners have the power, as it is contended they have, to tax cultivators to the full extent of their ability to pay, they (the landowners) cannot be deprived of that power by the land being made also subject to the payment of tithes. The ability of the cultivator to pay is indeed the *extreme* limit to the possible exaction of either the landowner alone, or to the joint exaction of the two parties. But the exaction of rent is not always carried to its utmost possible extent; on the contrary, it varies materially in different countries. The removal or abolition of tithe would not be *necessarily* followed by a rise of rent to the amount of the tithe, any more than the abolition of the tax on tea would necessarily be followed by a rise in the monopoly charge for tea by the East India Company equal to the amount of the tax abolished; nay, it would not follow that there must necessarily be any rise, either in the rent charge for land, or in the monopoly charge for tea. Tithes being abolished, one of the charges to which the cultivators had been subjected would be removed, and the immediate or temporary effect would be that their wages and profits would rise above the ordinary rates. As, however, labour and capital are always disposed to go where wages and profits are above the ordinary rates, there would, in such a case, be a transfer of labour and capital from other employments to the land, and a greater amount of landed produce would be raised; its price, compared with all other articles, would consequently fall, and the whole of the consumers would then receive the benefit of the abolition of tithes, in being able to obtain more landed produce in return for their labour and capital, or for the results of their

labour and capital, than they had obtained previously to the abolition of tithes. This is one way in which an abolition of tithes might operate, and this would probably be precisely the way in which it would operate if the actual cultivators happened to hold their lands on leases of considerable length. But it is also possible, and indeed, under the present circumstances of this country, probable that, upon the cultivators being relieved from the payment of tithes, they themselves, or others, would be ready to offer a higher rent for the land, in order to participate in the advantages which would temporarily result to the actual occupants of the soil from the abolition of tithes. In this country a large part of the land is already free from tithe, and, in the event of its abolition, either rent would rise on the land then freed from the tithe, or it would fall on the land previously free; and the former is the more probable occurrence. Although, therefore, tithes are a tax paid by cultivators, in addition to the rent they have to pay, and they are, consequently, obliged to charge the tithe tax, as well as the rent tax, in the price of their produce when they sell it to the rest of the community, yet it does not necessarily follow that the repeal of the tithe tax either would or would not permanently relieve the cultivator, and, through him, the rest of the community, from that amount of burden, seeing that it is *possible* that the rent may be advanced equal to the amount of the tithe.

There is one view of this subject which it is important should be attended to by those who wish to trace the effects of different imposts on the condition of the people, namely, the effect of a rise of rent on the burden of tithe. For instance, if land were rent free, a tithe would merely give a value equal to one-tenth of the labour bestowed on the land to raise the crop,

with common profit ; but if a high rent is exacted, a tenth of the crop does not merely give a tenth of the value of the labour (with common profit) bestowed in raising it, but also the additional price or exchangeable value which arises from the whole being subject to a high rent. Let us take a case of a single farm from which produce is obtained which, if there were no rent, would sell for say £300. The tithe of this would, of course, be worth £30. ; but let a rent of £50. be charged for this farm, and the value of the tithe becomes £35. or one-tenth of £350. because the whole produce must now sell for that sum. In like manner, let rent be raised to one-third of the previous value of the produce, or £100. and that produce must sell for £400. and the tithe would be worth £40. In parts of Ireland rent is said to amount to more than one half the value of the produce, and, as it sells loaded with the rent charge, the exchangeable value is more than double the amount of the labour value, and tithe is, consequently, more than double the labour value that it would be if land were rent free ! But this is not all, the tithe of landed produce, being itself a tax, increases the exchangeable value of the articles taxed, so that the tithe receiver gets his tenth of the produce, when it is enhanced in value by the tax of that tenth, and this too, is in addition to the enhancement through the rent paid to the landowner.

But let us take another view, in order that we may form as clear and distinct a conception of the nature of this subject as possible.

Suppose then, in the first instance, land to be rent free, and also free from tithes, and that the produce of a given farm shall be worth, say £300. and that this produce would exchange for any other commodities, manufactures, fish, or other things requiring

equal labour and capital to produce them. But let a tithe of the landed produce be taken, and the *remaining nine-tenths* must still sell for the same money, namely, £300. or in other words, exchange against commodities requiring unaltered quantities of labour and capital to produce them. Here then all manufacturers would have to give a certain amount of the produce of their labour, for only nine-tenths of the amount of landed produce, which they received before tithe was exacted ! This would be the case if the cultivator sold all his produce, but if he retained, as indeed he must, a part for his own consumption, then that part would be reduced one-tenth in quantity by the payment which had been made of tithe ; but the tithe receiver would have, not only a tenth of the value of the produce, as that value was before he took his tithe, but a tenth of the quantity of the produce with its value enhanced by the tax which he himself had received. To find what the price of the tithe would now be, we have only to ascertain, if nine-tenths sell for £300. what will the remaining tenth sell for, and the answer is £33. 6s. 8d. : and thus we see that one-tenth of the quantity being taken, as tithe, renders that tenth of *one-ninth the previous exchangeable value*.

But now let us suppose a rent to be taken of one-fourth of the selling price of the produce, when it is loaded with the tithe tax, and then let us see what, under these circumstances, that selling price would become. First, then,

the labour and capital price is	£300	0	0
the tithe tax is	33	6	8
or together	333	6	8
now the rent, being one-fourth of this sum or	83	6	8
when added to it, will make the price be..	£416	13	4

and every part of the produce would now be sold after that rate. What then would become the value of one-tenth of this produce?—just £41. 13s. 4d. So that we see the rent tax and tithe tax together would increase the exchangeable value of the tithe £11. 13s. 4d. on £30. or more than one-third, and of course give an additional command to that extent over the produce of the general labour and capital of the country.

In the same way we may exhibit a statement of the case where rent is equal to the whole amount obtained for the labour employed in the production, as is said to be the case in parts of Great Britain. Here we may put down the labour value still at the same sum. £300 0 0
and the rent charge the same amount . . . 300 0 0
The value of the tithe of this would be

more than 66 0 0
because it would be a tenth of the total . . £366 0 0
and thus the tithe would now be enhanced in value by rent and tithe taxation, until it became of more than double the previous value.

In the illustrative case here exhibited, the money prices have been supposed to rise in exact proportion to the taxes, *i. e.* rent and tithes, as this mode of exhibiting the cases gave a clearer comparative view. But if the money prices of labour, and of all other articles produced by labour, fall, while the money prices of landed produce do not fall, the effect on the condition of the people is just the same. If the produce of the supposed farm, after rent and tithe were paid, continued to sell for only £300. and one half of this price went to the landowner and tithe receiver, the cultivator, when he had sold his produce and paid his rent, and satisfied the tithe claim, would have only

£150. for himself; and if the wages and profits of the cultivator were thus reduced one half, the wages and profits of all others would be equally reduced; for cultivation would be abandoned unless it yielded the average wages and profits, and it would be partially forsaken upon a rise of rent and tithes, until the scarcity of landed produce made that produce rise in price as compared with manufactures, and an equilibrium of wages and profits was established in the two branches of production. It is the division or distribution of the *produce* that is the essential point to be attended to. Naming money price is only a means of expressing what that distribution is under the different circumstances of high or low rent, or tithed or untithed land. Taxes on horses used in agriculture, or on agricultural implements, or any other tax paid by the cultivator, would further augment the exchangeable value of landed produce, and consequently further increase the value of every portion of it, including the tithes.

When such are the effects of the payment of tithes in countries like Great Britain and Ireland, where rents have been greatly raised, need we be surprised at the increasing dissatisfaction of those who pay them? The precise way in which they operate may not be clearly seen, but *the effects are FELT*, and the payments are sufficiently palpable to induce the payers to connect their increasing distress with those payments.

In the following pages tithes will be considered simply as a tax, paid in the first instance by the cultivators, and charged by them in the price of the produce which they sell to manufacturers and other productive classes of the community.

PROFIT.

The labours of men, engaged in producing those things which are necessary to their subsistence, are rendered much more effective when aided by a stock of accumulated wealth or capital. Those who are not themselves owners of this stock, or capital, find it more advantageous to give up to a capitalist part of the produce of their assisted labour, than to labour without assistance and to keep the whole produce to themselves; because, in the former case, their portion—that which is left after the capitalist has had his share—is a larger quantity than they could have produced by their unassisted labour. It is from this cause that men in all countries acquiesce in the payment, in some form, of a profit for the use of stock or capital.

The proportional amount of this payment, or the *rate of profit*, varies greatly in different times and in different countries. Rather than labour without the assistance of accumulated capital, men have been found readily to acquiesce in paying to the capitalist as much as one half of the whole product of that capital and their labour; but they would not have done so if that half had not been a greater quantity than the whole of what they could have produced by their unassisted labour. The payment of a profit to the capitalist for the use of his capital is then acquiesced in because the labourers are more benefited by the use of the capital than they are injured by the payment of the profit.

Capital is a general term, used to designate the wealth which is employed in producing new wealth. Tools, machines, seeds, manure, houses, warehouses, cattle, stocks of food, clothing, and money, are the articles which constitute the mass of capital in every

country. These articles may be abundant, or they may be scarce, according to the inclination and opportunities of the people for accumulating them; and the rate of profit will be dependent on their abundance or scarcity, compared with the number of labourers who want to be assisted by them in their labours. The practical course generally adopted is for the capitalist to retain the management of his capital, and to engage to pay labourers their proportional share of the value of the produce in the shape of wages, and to retain the remainder of the produce, or of the value of it, as his profit. Labourers sometimes hire the capital, and pay a value agreed upon for the use of it, and this latter mode exhibits the nature of profit more clearly than the former does; but the real nature of the transaction is the same in both cases—the produce, or the value of it, is divided between the two parties, the capitalist and labourers, and constitutes profit and wages. When the word ‘labourers’ is used, it is not to be understood in the restricted sense that is sometimes applied to it to designate the lower class of labourers alone; but in an economical sense, when it expresses all those who, by their exertions, contribute to the production of wealth, whatever may be the way in which they exert themselves: it may be the labour of superintendence, or of study, in order to direct more beneficially; but this is all labour, and the parties are labourers as distinguished from capitalists.

The proportional share of the capitalist is generally expressed in hundredths or cents. It may be fifty out of a hundred, or 50 per cent. or it may be twenty-five out of a hundred, or 25 per cent. or any other proportion; but it must always be some proportion or percentage, as no capitalist would suffer his capital to be used

without having some advantage to himself arising from it ; indeed, it is the expectation of this advantage that constitutes his motive for accumulating beyond the amount which he could himself use. The profit is, therefore, the premium which is constantly offered and paid for accumulation. Under circumstances which render accumulation of capital difficult, the premium must be high ; but let those circumstances give place to others more favourable, and the high premium would cause so great an accumulation as to make capital more abundant, and the premium then to fall ; and as those circumstances become more and more favourable, and capital is accumulated in a greater degree, the premium continues to fall. The additional capital, it will be observed, has to be offered to labour, or to be used in employing labour, in competition with the old stock of capital ; and it is only by employing labour on terms more advantageous to the labourer that it can tempt labour from the use of the old stock. The rate of profit necessary just to keep up the existing stock of capital in a country may be at one time, say 25 per cent. per annum. Under these circumstances, of all the articles produced in a year, twenty-five would go to the capitalist, and seventy-five to the labourers ; but let an increase of capital take place, and the rate of profit consequently fall to 20, 15, or 10 per cent, then, in the last case, of the articles produced only ten would go to the capitalist, while ninety would go to the labourers. This result would be seen more clearly if all labourers hired the capital, and paid for it in the form of a per centage ; but it is not the less real when labourers are employed, and wages paid to them, as those wages rise as competition reduces the rate of profit, until each labourer obtains ninety for his labour,

as readily as he before obtained seventy-five. The reverse of this process takes place when any circumstances cause a reduction in the amount of capital—the rate of profit then rises, and wages fall.

It is necessary, however, to explain that, when speaking of the rates of profit and wages, and the effect of one upon the other, we speak merely of the proportional shares of some understood quantity, and that quantity may be large, or may be small. The whole quantity is expressed by the number 100, but it may be 100 pounds or 100 shillings; 100 quarters, 100 bushels, or 100 pecks, and whether it be one or another of these depends on the *productiveness* of the labour and capital; but whatever may be the degree of productiveness, whether it be such as can be found only on the richest soils, and among the most skilful manufacturers, still the division of the whole quantity, whatever that may be, depends on the rate of profit. When speaking, therefore, of the effects of the rate of profit on wages, it is to be understood that we speak only of the division of the produce, or of the value of it, whatever that may be, between the two parties interested—the capitalists and labourers.

That wages may be materially affected by this division, varying from time to time, will be evident from an examination of the situations of capitalists and labourers in a country, at different times, where the rates of profit have considerably altered, all other things being supposed to remain unaltered.

Say, then, in a country resembling Great Britain, the whole amount of wealth produced annually, and divided between capitalists and labourers, shall be expressed by the sum of 100 millions sterling. It is evident, if the rate of profit was 15 per cent. that there

would be for capitalists 15 millions, and only 85 millions left to be divided among labourers as wages ; and the average wages of each man would be according to the number among whom these 85 millions had to be divided. But now let the rate of profit fall from 15 to 10 per cent. and there would be left for wages 90 millions, and the share of each man would rise as 5 on 85, or one-seventeenth. Suppose profit to fall further to 5 per cent. wages would rise to 95, as may be thus exhibited in a tabular form :—When profit is

15 ½ cent. profit is 15 millions, and wages are 85 millions,

10 ½ cent. profit is 10 millions, and wages are 90 millions,

5 ½ cent. profit is 5 millions, and wages are 95 millions.

But a profit has to be paid on the capital which is durable, as well as on that which is annually renewed—on the fixed as well as on the circulating capital of the country ; and the fixed may greatly exceed in amount the circulating capital. Suppose the whole of the capital, both fixed and circulating, requisite to assist labour in the production of the 100 millions of wealth annually, is at one time 300 millions sterling, then profit being

15 ½ cent. it would take 45 millions, leaving for wages 55,

10 ½ cent. it would take 30 millions, leaving for wages 60,

5 ½ cent. it would take 15 millions, leaving for wages 75, and in this way as profit fell wages would rise, or, on the contrary, as profit rose wages would fall.

Every thing that tends to raise up obstacles to the accumulation of capital has a tendency to cause profit to be high, and every thing that stimulates to accumulation has a tendency to cause profit to be low. Among the causes of high profit may be named luxurious habits, heavy taxation, loans by governments for carrying on wars, and insecurity of property. These

all tend to make capital scarcer than it would otherwise be, and therefore to raise or keep up the rate of profit; while habits of economy, light taxation, an absence of state loans, and perfect security of property, all tend to make capital abundant, and therefore to reduce the rate of profit. In any given state of society it is evident that some one rate may be considered the general or average rate of profit. The quantity of capital and the number of labourers bear some definite relation to each other, and some mean rate must exist towards which the competition of individuals will have a tendency to bring the profit in every individual transaction. This becomes the natural rate of profit under the then existing circumstances.

Profit being the premium which experience proves to be necessary to obtain any given supply of capital, it follows that the premium must always be adequate to that end. And, while the circumstances of the country remain the same, this premium or per centage, whatever it may be, cannot be reduced. It is considered a *net* receipt, just sufficient to stimulate to the supply of the stock of capital, and therefore no part of it can be taken in the shape of a tax, nor in any other form. Say that 6 per cent. is requisite to keep up this supply of capital, it would not, for instance, be possible that two out of the six should be taken as a tax. If such a tax were to be imposed on profit, the effect would be to raise the gross rate of profit from 6 to 8 per cent. seeing that our assumption is that 6 per cent. is the clear net receipt that is requisite to keep up the supply of capital. The 2 per cent. would, therefore, be merely advanced by the capitalist when he paid the tax, as he would afterwards deduct it from wages in the shape of a higher

gross profit, and the tax would be finally paid out of wages, and wages would be lowered to the extent of the tax.

The whole amount of capital being considered 200 millions, and 6 per cent. the necessary rate of profit, 18 millions would be the clear aggregate sum which would be requisite to induce and enable the owners to keep up that stock. But if 2 were to be taken from the 6, or in all 6 millions, from the 18 millions, there would be only 12 millions left for the capitalists themselves. Now, as our supposition is, that 18 millions clear are requisite,—when the tax was imposed which took 6 millions, it would be necessary that the aggregate amount of profit should rise to 24 millions. The tax of 6 millions, therefore, though raised from and advanced by capitalists, would be finally abstracted from wages.

If the 6 millions were to be raised from the capitalists in the shape of an income tax, still the effects would be the same. It is not the form or manner of taking the sum that causes the rise of profit, but the taking in any way of 6 from the 18 millions, when, according to our argument, 18 are necessary to cause the supply of capital to be sufficiently abundant to keep the rate of profit at 6 per cent. Taxes on articles of consumption, which should take from the capitalists an equal total sum, would have just the same effect as any particular tax imposed on them;—18 millions of untaxed produce are necessary to keep profit at 6 per cent., and, if that produce be taxed to the amount of 6 millions, the rate of profit must rise so high as to give to the capitalists an equal command over the produce, that is, it must rise from 6 to 8 per cent., or from a total net profit of 18 to a total gross profit of 24 millions.

The rise in the gross rate of profit consequent on taxes on capitalists does not, it is true, instantaneously follow the imposition of the tax. It has to operate through a reduction in the amount of circulating capital and a fall of wages, and may require some time to produce its full effect. It is also *possible* that the imposition of a tax upon capitalists might alter their habits,—make them more parsimonious, and thus they might, out of the 12 millions, save a part of the 6 millions, and use it as capital, and so far counteract the effect of the tax. But this is not included in our assumed case, as in that we suppose the habits of the parties to remain the same; and, such being the case, the final effect of taxes on profit, or on capitalists, direct or indirect, is a rise of the aggregate profit to the same amount, and a proportionate reduction of wages.

If taxes, by reducing the quantity of capital, raise the rate of profit, loans for purposes of war expenditure must have the same effect, as they operate in the same way. A loan made by government to carry on a war takes a portion of the capital of the country from its productive use as capital, and it is then expended as mere wealth, without exercising any further reproductive power.

The whole capital of the country being 300 millions, and the net profit 6 per cent. which, on account of taxes paid by capitalists, makes the current or gross profit 8 per cent,—suppose a loan of 10 millions is made for the purposes of war expenditure, what would be the effects of such a loan on the state of the country? It would, in some definite time, reduce the 300 millions to 290 millions, and the reduction, in the first instance, would take place almost entirely in the quantity of circulating capital, which would consequently become scarce, and the rate of profit on it would rise. Profit

being then higher on circulating than on fixed capital, the latter would cease to be renewed until it also became scarce, when the rise in the rate of profit would be extended to all the capital of the country. The extent of this rise would, in the end, be about sufficient to take from wages the amount which had been abstracted from capital by the loan. The gross rate of profit would now be sufficiently high to furnish to the capitalists—first, the amount of the loan they had advanced—secondly, the amount of the taxes which they had paid—and thirdly, the necessary premium to induce and enable them to keep up the requisite supply of capital. These would be, for

the amount of the loan	£10,000,000
the taxes advanced	6,000,000
the net profit of 6 per cent.	18,000,000
making a total gross profit of	<u>£34,000,000</u>

which sum, on the reduced capital, gives a per centage approaching 12 per cent. making the gross profit, by the operations of the loan and the taxes, nearly double the net profit.

Supposing, as before, the whole annual produce to be 100 millions, the effects of the loan and taxes would then be, to take from that sum 34 millions, as the amount of gross profit, instead of 18 millions, the requisite net profit, and, consequently, to reduce the aggregate wages from 82 millions to 66 millions, and the wages of each individual labourer in the same proportion.

That loans, for the purpose of war expenditure, are actually taken from capital, and increase the gross rate of profit, is sufficiently evident from the following considerations. The capitalists are the only parties who use or advance capital for the sake of obtaining

a profit, and therefore they must be those who advance the loan to the government :—this advance reduces the amount of their stock, and that reduction, making capital more scarce, raises the rate of profit. There is no more reason to suppose that land proprietors or labourers would accumulate wealth, in order to lend it to the government, than there is to suppose that they would accumulate it in the absence of government loans ; and if we suppose that some of them accumulate both before the loan and after it, they, in fact, become capitalists, and are as such included with that class in the whole of the statements and reasonings. The loan intercepts a part of the annual supply of new wealth, let it come from what class it may, which is about to be used as capital,—or it takes a portion of that which had previously been used as capital, and causes it to be consumed in an unproductive way ; and in either case makes the capital more scarce than it would otherwise be, and raises the rate of profit. Whether the loan is large or small, it has its proportionate degree of effect, and every part and the whole has always the same kind of effect.

A loan, then, to a government, to carry on a war, is to be considered as a tax on wages, levied through the agency of the capitalists of the country, who collect the tax in the form of additional profit, and they, or a part of them, pay the amount to the government in the loan which they advance. The injustice of a system which thus enables one class to take so largely what was previously enjoyed by another class, and to lend it in such a way as shall entail on the party from whom it is taken a perpetual burden, in the payment of interest to those who were merely the collectors, must be sufficiently striking, and may hereafter be remarked upon ;

but at present we are endeavouring to ascertain what the real effects are, and not whether injustice is or is not practised.

It appears, then, that profit has a self-adjusting power, and adapts itself to the supply of capital in such a way as to ensure some supply under almost every variety of circumstances. Near the end of the Roman republic profit must have been high, as, in Cyprus, 48 per cent. per annum was paid as interest. In the year 1253 the rate of interest in England was 50 per cent. per annum. Near the Caspian sea, and also in Bengal, according to Fraser and Mill, the rates of interest have been from 12 to 15 per cent. per month;* and even in the western parts of the United States of America, Morris Birkbeck represents profit as being occasionally so high as 100 per cent. These examples shew that distress on the part of the people, that is, of the labouring class, does not prevent profit from rising to an extravagant height; as, in all the first named countries, there is no reason to doubt the high rate of profit was accompanied by severe distress among the people,—the high profit itself being one of the causes of that distress. In modern European countries profit is comparatively low, as is indicated by the rates of interest being at times not more than 5, 4, or 3 per cent. In Holland, at one period, interest was not more than 2 per cent.† These low rates were the consequences of a

* In the 'Companion to the Almanack for the year 1833,' published under the superintendence of the society for the diffusion of useful knowledge, it is stated that "some of the Zamindars (of Bengal) run into arrears systematically, and defer making their payments till the latest possible moment, their reason for which is obvious. The rate of interest among country bankers allow 2½ per cent. on deposits."

great abundance of capital,—the competition of capitalists bringing the rates down to those points.

It being established that profit rises as capital becomes scarce, it seems to follow that it is to the advantage of the capitalist that it should be rendered scarce, and this may be partly true, as will be hereafter shewn. But if, by taxation or any other cause (loans excepted), capital be reduced in quantity equal to the rise in the rate of profit, there would be no advantage to the capitalist in the alteration;—£100. at 4 per cent. interest will yield as large an income as £80. at 5 per cent. The relation which exists between the reduction in the quantity of capital and the rise of profit is a very interesting subject of enquiry, but it would not be easy to obtain data to ascertain what that relation would be under different circumstances. In like manner, it may be supposed that if taxation cannot reach the income of the capitalist, he would be indifferent respecting taxes; whereas, in point of fact, it is known that he is not so, as he pays them with as much reluctance as any other party: but it should be borne in mind that he does not know that his higher rate of profit is caused by the taxes which all capitalists are compelled to pay, and he is willing to believe that if he were untaxed his profits would remain undiminished. Where taxes are very heavy, and levied directly, they palpably limit the extent of saving, and not only really keep down the amount of each man's principal or stock, but they appear to him so to do; they are, therefore, viewed by each capitalist as checks or obstacles to a further increase of his capital, but he does not see equally clearly that such further increase would be followed by a reduction in the rate of profit.

The rate of profit, whatever it may be, must be taken

as the necessary result of the existing quantity of capital compared with the existing number of labourers, and the quantity of capital is itself the result of the ability and inclination of the people to accumulate. Lessen either the ability or the inclination to keep up the full stock by taxes or loans abstracting from the existing stock, and thus reducing its quantity,—by luxurious habits begetting a disinclination to save, or by insecurity of property weakening the motive for saving, and the rate of profit adapts itself to the new circumstances ; it rises, and, as has been already shewn, the labourers are then compelled to submit to a lower rate of wages. General laws govern in this as well as in every other part of nature's works, although it may not appear quite so easy to trace them in this department as in some others. Individuals seem to act from caprice ; one man's reason for saving may differ from another man's. One may go on accumulating when interest is only 2 per cent. while another may think that so small a premium is not sufficient to induce him to abstain from the enjoyment which arises from the expenditure of his wealth ; but, after making allowances for differences of these kinds, there is still a general motive which pervades all classes of accumulators, and this is the expectation of advantage to themselves and their families :—this operates with more or less force on all, and produces some general result. Under varying circumstances the results will differ, and the circumstances and their results may be traced, and their final effects on the condition of different classes may be ascertained and exhibited.

WAGES.

From what has been advanced respecting rents and tithes, it will have been seen that they are taxes on the

produce obtained from land by capital and labour; and where rent and tithes taken together are low, or but a small part of the whole, the proportion left for the capitalists and labourers will be large; while, where they are high, the proportion left will be comparatively small. In the division of the portion left, between the capitalists and labourers, the former take a part or share, the amount of which is determined by the existing rate of profit; and it is only the remaining portion which constitutes wages.

The labourer is, then, the last claimant on the produce, and is obliged to submit to take what is left after the former claimants have been satisfied. The amount thus left is, by the operation of competition, divided among all the labourers, and constitutes their wages. If it is large, they have an abundance of the necessaries and many of the comforts of life; but if it is small, each individual share will be small, and it will give only a scanty supply of the necessaries, and few of the comforts of life.

The degree of productiveness of labour, when furnished with land and aided by capital, determines, in the first place, what shall be the total supply of wealth from which all classes are supported. If this total should be a large quantity, it is possible that much may be taken for rent, tithes, and profit, and yet a tolerable abundance be left for wages. If labour should be made more productive, or to produce a still larger quantity, and rent, tithes, and profit take no more produce, the increased productiveness of labour would increase real wages, that is, the amount of comforts and necessaries on which labourers subsist. If, on the other hand, rent, tithes, and profit should, any one or all of them, advance, while the productive power

of labour was stationary, real wages must decline ; for, the total produce being the same whole quantity, if the former take more, the latter will have less.

This view of the subject shews the desirableness of obtaining a clear and distinct knowledge of the separate effects of each of those causes which thus affect the condition of the labourer ; and yet how imperfect is that knowledge, even in the present period ! Not only is tithe, under all circumstances, viewed simply as a tenth of the produce, and rent thought to be regulated in its amount by the laws of nature, according to the quality of the land last taken into cultivation,—but that which increases the productive power of labour is extensively believed to be greatly injurious to the labourers themselves. Mr. Owen and others have maintained that the steam-engine, and modern machinery in general, which so powerfully aid labour in the great work of production, are absolutely injurious to the labourer.

If neither rent nor tithe was exacted, and the labourers owned the capital which assisted their labour, all that they produced would belong to themselves, and the amount of the whole, or the quantity, or degree of abundance of produce brought into existence, would depend on the productiveness of labour. If that labour was unassisted by steam-engines, and other machines and tools, it could produce but little, and there would consequently be but little to enjoy as wages ; but if that labour was aided by effective machines and good tools, it would be highly productive, and there would be an abundance of produce, or of wages, to enjoy.

And when parts of the produce are taken for rent, tithes, and profit, these circumstances furnish no reason why the labourer should be deprived of such aid and

assistance from machines as he formerly obtained ; on the contrary, he would stand more in need of their assistance : as he would now have only a part of the produce instead of the whole, it is his interest that the whole should be as large a quantity as possible. The errors on this point seem to have arisen from machines being considered the rivals, instead of the assistants, of labour ; but it would be as correct to say that a man's right hand was an injurious rival to his left hand, as to say that a spade was an injurious rival to a labourer, and a spade is a simple specimen of all machines used by man to aid him in his labours.

There are other philosophers who contend that the labourers themselves regulate the amount of their own wages, by the extent of the supply of labour which they bring into the market ; and, as this is a very important point, it will be necessary to examine it with particular care ; for, if this doctrine were true, rents, tithes, taxes, and the rate of profit, could all have only a temporary effect on the condition of the labouring class, seeing that they would have only to lessen the supply of labour, and wages would then rise. Mr. Malthus may be considered as the principal promulgator of this doctrine, but he is followed by nearly the whole of our modern political economists.

According to these writers, the capitalist is the party who is obliged to put up with the residuum which is left, after all the other claimants, including the labourers, have been satisfied ; and the amount of this residuum, they say, determines the rate of profit. Perhaps the best way of examining this point will be to omit, in the first instance, all reference to rents, tithes, and taxes, and consider the produce as divided between the capitalists and labourers only, as profit and wages.

Man has been found living on wild fruits and roots, or on the shell fish which he picked up on the sea shore, and what he thus obtained furnished his subsistence, and was, in fact, his wages. If suitable animals existed within his reach, he might become a hunter, or a shepherd, and thus obtain a better subsistence; but still what he obtained would be the wages of his labour. Should he become a cultivator of the earth, the return for his exertions might be a much more abundant supply of subsistence; but yet all would be the return for his labour, and therefore all would be wages. But now suppose a capitalist to say to him,—I have certain things (tools and materials) by the use of which your labour will be made more productive, and if you will come and work with them I will allow you out of the produce, which you will then bring into existence, more than you can get by your unassisted labour, and I will keep the remainder of the produce for myself as profit. This bargain being acted upon, the labourer would receive his wages, and the capitalist his profit, out of the joint produce of the labour and capital—the labour and capital co-operating in order to obtain the wages and profit. Society being made up of these two classes, the supply of labour, compared with the supply of capital, both fixed and circulating, would determine the relative proportions of the produce which should go as wages and profit; always, however, leaving wages more than labour could obtain without the assistance of capital. If the supply of labour should be reduced, while that of capital continued the same, wages might rise relatively to profit, and profit consequently fall relatively to wages. Suppose, however, population to be stationary, the rate of profit would then depend on the extent of accumulation of capital; and it might be

any amount which would be sufficient to stimulate to accumulation. It might be 15 per cent. or 10 per cent. and wages would take the remainder, wages being higher as profit was lower, and lower as profit was higher—but say that profit settles at 10 per cent. If, under these circumstances, the labourers endeavoured to improve their condition by reducing their numbers, what would be the result? It is conceivable that they might, by making labour scarce, reduce the rate of profit to, say 9 per cent. and thus cause 1 per cent. to be added to wages; but then a question arises as to whether 10 per cent. is the lowest rate of profit that will stimulate to adequate accumulation? If it is, as was, in fact, supposed to be proved by previously settling at that rate, capital would be reduced as fast as population. The rate of profit would not fall, and it would not, therefore, be practicable for the labouring class to improve their condition by reducing their numbers. It should be recollected, too, that when the labouring population is reduced, the aggregate productive power of labour is reduced in an equal degree. The falling off in the stock of wealth becomes then as great as the reduction in the numbers of those among whom that stock has to be divided as wages; the share of each, therefore, remains the same, and no improvement in the condition is effected. Indeed, if reducing the numbers of the people would improve their condition, a continuance of that reduction would improve it still farther, and the people of those countries where the population had been most reduced would be in the happiest circumstances; but the reverse of this is known to be the fact. It is requisite to have the co-operation of a considerable population, with labour much divided, in order to make it highly productive; and a reduction

in the number of labourers might materially impair the productive power of those who remained.

Reducing the numbers of the labouring people will not then necessarily improve their condition, even when they have neither rent, tithe, nor taxes to pay; and when they have such payments to make, they have still less power to improve their condition, or rather they have less power to prevent it from deteriorating by the use of such an expedient: and, as the people of Great Britain have heavy burdens to sustain, an examination of the doctrine of Mr. Malthus, with reference to their actual situation, becomes more particularly necessary.

The people of Great Britain, at some certain period, ~~was~~ be supposed to have had to pay as rent of land 16 millions, as tithes 4 millions, as taxes 20 millions, and as profit on capital 14 millions, making a total of net payments of 54 millions. The population was at the same time, say 10 millions, 1 million of which lived upon the net wealth, and the other 9 were productive labourers, who, at an average of £14. per head, produced wealth to the amount of 126 millions. Taking the net 54 from this, we should have 72 millions for the producers, which would give an average of £8. per head. But now some anti-populationists propose to the people to improve their condition by reducing their number; and let us say that 1 million emigrate, and what would be the effects?—8 millions now, instead of 9, would produce, at £14. per head, a total of 112 millions; from which take the net 54, and we have left for the producers 58 millions, which, divided among them, give £7. 5s. per head, instead of £8. as before the reduction of the population!

But this mode of exhibiting the case does not shew its full effect. Where 54 millions of net wealth are

consumed, the one million whom we presumed to be the owners would not consume it all themselves, but would employ a part of the labouring people to administer to their gratification, and, in return, would give them a subsistence out of their net wealth. This would reduce the number left to create the great fund of wealth to, say, in the first instance, 8 instead of 9 millions; then, 8 millions would, at £14. per head, produce 112 millions, and pay, net wealth. 54 millions, leaving for wages 58 millions, which would yield per head £7. 5s. But now suppose, as stated above, that 1 million out of the 8 millions emigrate, and then we have this case—

7 millions would, at £14. per head, produce 98 millions, and pay, net wealth. 54 millions, leaving for wages 44 millions, which would yield per head about £6. 6s. being a reduction of about 19s. on £7. 5s. and £1. 14s. on the £8.

Further, the owners of net wealth would be able to employ a greater number of labourers with their superabundant net wealth when wages were at £6. 6s. than when they were at £7. 5s. and this would cause the aggregate fund of wealth to be less than 98 millions—seeing that it required full 7 millions of people to produce that amount.

But it will make this part of our subject more intelligible, if we assign distinguishing names to the different classes of which we are treating. The producers of the great aggregate fund of wealth, out of which are furnished rents, tithes, taxes, profits, and wages, may be called *primary producers*, as upon their productive powers all classes depend. Out of this great fund, which may be called primary produce, the various set payments of rent, tithes, taxes, and profit are made,

leaving some certain portion for wages ; but the parties receiving these net payments have commonly a command over more of the primary produce than they can themselves consume in the state in which it is created by the primary producers. They, therefore, offer portions of it to a part of the primary producers, on condition that they become what we may call *secondary producers*, that is, that they furnish such luxuries as will administer to the gratification of the net receivers. And thus a class is formed which we propose to designate as secondary producers, because they do not bring into existence any part of the primary produce, but merely transform or convert some of the net wealth into a shape better fitted for the consumption of the net receivers. They are fabricators of luxuries, and instruments of gratification, menial servants, &c. and constitute a numerous body in such a country as Great Britain, where net wealth is annually furnished to a large amount.

But, of the whole population, the larger the proportion which is made up of net receivers and secondary producers, the more difficult will it be for the primary producers to furnish the net wealth. We have seen that 7 millions of primary producers, creating £14. each, paid the net wealth, and had left for wages about £6. 6s. per head ; let, however, 1 million of these 7 millions be converted into secondary producers, and the case of the primary producers would then stand thus :—
 6 millions would, at £14. per head, produce 84 millions, and pay, as net wealth. 54 millions, leaving for wages 30 millions, which, divided among the primary producers, give to them just £5. per head !

Here, then, we perceive that wages are reduced not only by rents, tithes, taxes, and profit abstracting 54

millions of net wealth from the gross amount of primary produce, but by the owners of the net wealth taking a part of the primary producers from their previous labours, and converting them into secondary producers. And as every successive emigration lowers wages, so every fresh reduction of wages converts more primary into secondary producers ; which operation, in its turn, lowers wages still further, until the process would end, if persevered in, in wretchedness and depopulation. Let the primary producers, by the double process of emigration and conversion into secondary producers, be brought down to 5 millions, and then,

5 millions, at £14. each, would produce ..	70 millions,
and pay, as net wealth.....	54 millions,
leaving for wages only.....	16 millions,

which would leave not much more than £3. per head ; and yet this process is seriously recommended by those who are, by some persons, considered the most enlightened men of the age, as a means of improving the condition of the people.

This view of the subject is interesting, as shewing the way in which exactions of net wealth impoverish the great mass of the people ; but it becomes much more so when considered in connexion with the various expedients which have been, and are yet being, tried, to improve the condition of the labouring class by reducing their numbers. Discouraging early marriage, and a stimulated system of emigration, have been openly recommended. These recommendations have most fortunately failed in producing any considerable effects, as the labouring population have gone on increasing their numbers, and have thus become enabled to bear the heavy burdens with which they are loaded, and also to produce, comparatively, tolerable wages for

themselves; yet the doctrine is diligently propagated by its advocates, and is countenanced by those in authority.

It appears to have obtained countenance and support partly from the avidity with which the wealthy classes (the net receivers) embraced a theory which removed the odium of causing distress from themselves, and threw it on the improvidence of the people; and partly from viewing a part of the case as if it were the whole, which, in questions in political economy, more than in any other science, writers are liable to do. The former of these causes begets a strong disinclination in the wealthy classes to attend to statements and arguments which are likely to disturb their self-complacency and repose. While enjoying the fruits of labour, they hug this doctrine,—can be comfortably humane, and flatter themselves that they most benevolently ‘wish that the people would be more prudent, and keep the supply of labour more below the demand for it; but as (say they) the people will not, or, at least, do not do this, all that is possible for us to do is to alleviate distress in extraordinary emergencies as far as we can.’ In this way the wealthy willingly lay the ‘flattering unction to their souls’ that not they, but the poor themselves are the cause of distress; and, in this state of mind, they are carried away to approve of expedients which, when examined and exhibited in their real form and colour, appear absurd and injurious.

That ‘wages depend upon the relation between capital and population’ is the proposition upon which this fallacious theory is built. The proposition itself is true, but it forms only a part, not the whole of the case: Increase the capital, population remaining the same, or increase the capital faster than the population, and

wages will rise. In like manner, if you were to reduce the population without reducing the capital, wages would rise. In either of these cases, as there would be more capital in proportion to labourers, each labourer would have more, or his wages would rise. But this is not the real point at issue:—the question is, if you reduce the labouring population, will the capital also be reduced? and the answer to this question must be in the affirmative; and not only will the capital be reduced, but, it will be reduced in a greater degree than the population! This, however, is a point into which the anti-populationists have not enquired; they have *assumed* that capital would be undiminished,—that it would remain the same in amount after the population had been reduced that it was before, and in this *false assumption* lies the foundation of the whole of their erroneous theory. They seem not to be aware that the labour is necessary to the creation of the capital, and this strange oversight has led to all the absurdities that have been advanced respecting the excessive population of Great Britain, and the means of improving the condition of the people by reducing their numbers.

It does seem strange that it should ever have been supposed that capital could remain the same in amount after the labouring people, the creators of it, were reduced in numbers. Rents, tithes, taxes, and profit are all expended, as revenue, among people who create nothing that operates as capital, or that perpetually reproduces itself. The secondary producers bring into existence only luxuries; they change the form of existing wealth in such a way as enables the wealthy to consume it, but they bring into existence nothing that constitutes wages. The primary producers, and they

alone, are the fountain from whence flows the annual supply of net wealth, and also of the capital which constitutes wages ; reduce this stream, and you reduce the supply : and, in such a country as Great Britain, as the net receivers are a kind of basin which receives the first supply from the great stream of wealth that flows from labour, the falling off in the stream will be experienced by those who are obliged to rely on what remains after the basin has been filled.

As reducing the number of the labouring population reduces wages, increasing their number has the opposite effect. The net payments remaining the same, any increase in the number of primary producers by increasing the aggregate amount of wealth brought into existence for the payment of wages beyond what they themselves receive and consume, will increase the average rate of wages. In like manner, reduce the amount of any one or more of the net payments, and you give to wages a larger proportion of the wealth annually produced ; while, by transferring labour from secondary to primary production, you increase the amount of primary produce. A reduction of rent, an abolition of tithes, a repeal of taxes, or a fall in the rate of profit, would each or all of them operate in this way on the condition of the people. There is a two-fold evil in abstracting additional net wealth from the aggregate annual produce, when that wealth is used in taking labour from primary and transferring it to secondary production ; and there is a two-fold good resulting from the opposite process : and when the science of political economy is studied, with the sympathies of the student more in favour of the great body of the people than they are at present, these points will have due importance attached to them.

In examining the condition of a people who are burdened with heavy net payments, their productive power should be considered a subject of first-rate importance. With feeble productive powers, a people might sink under trifling burdens ; but let those powers be greatly strengthened, and the same burdens might be borne with ease. Any increase or decrease in the productive energies of a people should, therefore, be estimated when we try to ascertain their condition in connexion with its causes. Let the productive power be equal to the realization of 100, and the net payments abstracted from that be 54, and there will remain for the producers themselves only 46 ; but let the productive power be increased to 150, while the net payments remain 54, and the producers will have 96. Sometimes the productive power increases with the increase of net payments, and in a greater degree. If, while production advanced to 150, net payments increased to 60, still the producers would experience an increase in their incomes from 46 to 90. Under such circumstances as these, it is very common to attribute to the increased expenditure of net wealth the improvement in the condition of the people, which arises from an increase in the quantity of primary produce brought into existence by the primary producers. The expenditure of additional net wealth is said to give additional *employment* ; but does it cause anything to be brought into existence which the people enjoy as real wages ? It does not. The real nature of *such* employment has been shewn in the remarks on the effects of transferring labour from primary to secondary production.

Foreign commerce will have to be adverted to, and its influence on the condition of the country will be attempted to be traced ; it therefore becomes requisite

to speak of the light in which it will be viewed. Foreign commerce arises out of imperfection in productive power. If a people could themselves produce, by their own labours, *directly*, all those articles of which they stand in need, or imagine that they stand in need, as well as they can get them from a foreign country, there would be no foreign commerce. It is only because the articles can be procured on better terms *indirectly*, that is, by producing something else, exporting it, and bringing back the article wanted, that the circuitous routine of foreign commerce is resorted to. The benefit of it is, therefore, always realized in the article received, that which is exported being only the necessary means which must be used in order to obtain the import, which is the end. It follows from this, that the less you export, and the more you import, the better; or, in other words, the dearer you sell, and the cheaper you buy, the greater benefit you receive: or, to express the same thing in quantities of labour, the smaller the quantity of labour expended in your exports, and the greater the quantity of labour saved in your imports, the better. If, at one time, from any peculiar circumstances, the exports have required comparatively little labour to produce them, the imports will then have cost but little of the whole labour of the country to procure them, and, of course, the rest of that labour would be left for home production. If, at another time, from certain alterations having taken place, the exports cost much labour, then, a larger part of the labour of the country would be expended in procuring the imports, and, of course, there would be less labour left to be employed in the work of production for home consumption.

It is often said that foreign commerce is beneficial, because it gives employment; but that is mistaking the

means for the end—the painful process which it is necessary to go through, in order to realize a good, for the good itself. It is the imported produce that is wanted, and not the necessity for labouring, and the less labour or employment that we have in getting that produce, the better. If double the quantity could be obtained in return for the same amount of British labour that is now employed in obtaining it, there can be no doubt that it would be better for the British labourers; it would be, in fact, in common language, to obtain the imports for half price. In conformity with these principles, the effects of foreign commerce on the condition of the people, at different periods, will be enquired into and exhibited.

With respect to the influence of taxes, which have so materially affected the people of Great Britain, much need not be said here. The ordinary effect of a tax is to take the amount of it from the payer; or, if it be levied on an article of consumption, to take so much from the consumer. Taxes are sometimes so laid as to prevent the final consumer from perceiving that he is paying them. Taxes on bricks, glass, and imported timber, are advanced, in the first instance, by the makers and importers; the advance is repaid to them by the dealers, in the form of a higher price; the same repayment is made by the builder of the house, and he, in his turn, is repaid in the higher rent that he obtains: but few occupiers are aware that, when paying their rent, they are partly repaying an advance of taxes previously paid to the government. The situation of capitalists in general has been already adverted to;—these, it is contended, as such, are beyond the reach of taxation, because a supply of capital must be obtained by labourers on some terms, and these terms depend

on the habits of the capitalists, independent of taxation : any taxes, therefore, paid by them, in any shape or form, are merely advanced, and are finally paid out of wages in a higher gross profit. The labourer, as the user or consumer of capital, is the final consumer of it, and he pays all the taxes, direct or indirect, with which it is incumbered.

The tithe owner, as he can claim only his tithe of the landed produce, cannot remunerate himself for the payment of any tax, unless it should raise the price of the produce, which point has been already explained. The landowner, also, when he has fixed his rent, receives a given sum, whatever may be the amount of his taxes, and in whatever shape imposed. But as the landowners, as a body, have the power to increase their rent-tax, so as to remunerate themselves for any tax imposed on them, or on the articles which they consume, provided the cultivators are able to pay it ; so they *generally* do remunerate themselves by an advance of rent, and, in that case, any tax charged on them may be considered as laid on the cultivator, in the shape of a higher rent. The cultivator charges a proportionally higher price on that part of the landed produce which he sells to the manufacturing class, and these two last parties may be considered as the final consumers, with whom the payment ultimately rests. Tithes being themselves a tax, we may then say that all taxes either necessarily are, or may be thrown upon labour, and finally be abstracted from wages, reducing wages to the extent of the whole amount of the taxes.

But some of the followers of Mr. Malthus may say, that when taxation becomes very heavy on the labourers they will not breed fast, and, therefore, will not supply the market with labour on those terms ; to which the

reply is, that if they should reduce the supply of labour they only make their own condition worse, as wages would then fall still lower. But where are the people who have refused to supply the market with labour, and thus lightened their heavy burdens? Have the people of France, amidst the wars of their revolution, refused to increase their numbers? Have the people of England done so during the same period, although they have been driven extensively to the poorhouse for relief? or have the people of Ireland? On the contrary, have not the people of these countries, although under different degrees of privation, all increased their numbers, and, through that increase, become enabled to bear burdens which would have crushed—absolutely destroyed their less numerous ancestors? If the people had reduced their numbers, as our anti-populationists advised, instead of increasing them, those countries would have sunk into a state of misery, exhaustion, and, finally, of depopulation, similar to that in which parts of the Turkish empire are found at present.

GREAT BRITAIN, &c.

CHAP. II.

FROM 1793 TO 1802.

PRODUCTIVE POWER OF THE PEOPLE.—AMOUNT OF THE POPULATION.
—OF NET WEALTH PAID.—POOR RATES.—IMPORTS AND EXPORTS.—
PRICES OF THE FUNDS.—THE SYSTEM OF BORROWING, AND ITS
EFFECTS ON WAGES.—BILLS AND LOANS.—AGGREGATE AMOUNT OF
CAPITAL.—PEACE AND WAR EMPLOYMENTS.—NUMBER OF BANK-
RUPTCIES.—MACHINERY, AND ITS EFFECTS.—WAR EXPENDITURE
AND BANK NOTES.—PRICES OF WHEAT.—RISE OF THE RATE OF
PROFIT.—PRICES PAID FOR WEAVING.—NUMBER OF INCLOSURE
BILLS.—ADVANCE OF RENT.—BANK RESTRICTION.—GOVERNMENT
EXPENDITURE, AND ITS EFFECT ON WAGES.—IMPORTATION OF
GRAIN.—GOLD AND PAPER MONEY.—INCREASE OF FOREIGN COM-
MERCE.—THE COTTON MANUFACTURE.—PEACE IN 1802.—THE EF-
FECTS OF THE WAR ON THE CONDITION OF THE PEOPLE.

—oo—

THE condition of Great Britain, from the commence-
ment to the conclusion of the French revolutionary war,
offers to the philosophical enquirer an interesting subject
of contemplation. The immense resources which the
government obtained from the people, the issues of
paper money, the sums borrowed and funded, and the
great foreign expenditure, are all calculated to arrest
the attention, and exhibit Great Britain as a phenome-
non among nations.

But what were the peculiar circumstances which
enabled the country to meet the great demand made
upon it during this period? How were the different

classes which existed in society affected by the extraordinary measures to which the government resorted? **and** what are the effects yet felt from the adoption of **those** measures? These are questions of the highest importance to the people, and they ought to be fully and satisfactorily answered.

At the commencement of this period the people possessed, in an eminent degree, the power of producing those articles which are necessary to the subsistence and comfort of man; and this power had been for a considerable time developing and extending itself. A general spirit of improvement pervaded every class of producers, and its effects were seen in the increased quantities of produce, obtained from the soil, to meet the wants of an increasing population, and in the extension of the various branches of manufacture carried on in the towns of Manchester, Glasgow, Birmingham, Sheffield, and other manufacturing places throughout the country.

The amount of the population was not accurately known, but, from the number of marriages and baptisms, it may be computed to have been something less than ten millions. According to the census returns, the population of Great Britain was, in 1801, 10,942,646, and in 1811, 12,609,864, making an increase of 1,667,218 in ten years. If a similar increase had taken place in the preceding eight years, it would give a number sufficiently near to warrant us in assuming that the population, at that time, was the round number of ten millions.

From this population were obtained various annual payments of net wealth, furnished by the productive portion of the people, to certain parties, who received and consumed them. These payments may be stated at

18 millions sterling, paid to the land proprietors as rent,* 4 millions furnished to the clergy of the established church, as tithes, and in various annuities, and 18 millions paid to the government in the shape of taxes,† making a total aggregate of net wealth, to the amount of 40 millions sterling per annum, furnished by the producers.

For the purpose of shewing how certain measures may variously affect the condition of different classes of a people, the whole population may be supposed to be divided, in the first instance, into two classes, the one unproductive, and the other productive, according to the principles already explained. The unproductive, who receive and consume or expend the 40 millions of rent, tithes, and taxes, in a year, may be assumed to have consisted of the following numbers, namely,

100,000 families, which, consuming or
expending on an average £400.
a year each, will make up the
total sum of £40,000,000.
Supposing each of these fami-
lies to contain six persons, we

* In a work published in 1793, by J. Chamberlin, the yearly rent of all the lands of England and Wales is stated to be £7,500,000. the surface being above 39 millions of acres.

† The public revenue, on an average of four years, at the time of the death of George the First, in 1727, was £8,762,643. of which

the land tax, at 4s. in the pound, was	£2,000,000,
malt tax, at 6d. per bushel.....	750,000,
the customs	1,530,361,
excise (excepting the malt duty)	1,927,354,
sundries	704,928.

In 1767 the public revenue was, in peace£ 9,200,000.

In 1777 " in war..... 10,604,013.

In 1787 " in peace..... 15,360,857.

—Moreau.

shall have an unproductive population of.....

600,000 persons, who may be called *net receivers*. Now let us imagine that these 100,000 families, in expending portions of their incomes, employ twice the number of themselves, or

200,000 other persons, who may be denominated *secondary producers*. This would give, for the class of net receivers, and the secondary producers employed by them to administer to their gratification, a total of

,800,000 persons; leaving for the remainder of the population, who may be called *primary producers*, including both capitalists and labourers

,200,000, making the total population of ,000,000. The 8,200,000 primary producers have now to be separated into two bodies, the capitalists and labourers, who are differently affected by various measures. The capital in existence was, say £350,000,000. and being owned by, say

100,000 persons, at an average of £3,500. each, receiving $6\frac{1}{2}$ per cent. will give that number in receipt of a total sum of..... £22,750,000.

Taking these capitalists to

represent families containing an average of five persons, the total persons will be

500,000 living on the profit of capital ;
and as these receive more than they can directly consume, they may be presumed to employ persons equal to themselves in number, in working up their profit to adapt it for consumption, or

500,000 other persons, their dependents,
making a total of.
1,000,000, leaving the number of the primary labourers.

7,200,000, or 1,200,000 families, of six persons each family. These, assisted by capital, bring into existence an average quantity of wealth, each family, of say

£100. or £120,000,000.

From which £40,000,000. being paid as net wealth, and £22,750,000. as profit, leave £57,250,000. for the primary labourers,—about £47. 14s. for each family, or nearly £8. as an average for each individual.

It must, however, be remembered, that, under the term of primary labourers, are included all who labour in primary production, whether by superintendence or by bodily exertion ; and also all who assist the primary labourers, as teachers, lawyers, or doctors, or as farmers, shopkeepers, manufacturers, artisans, merchants, &c. considering them as active undertakers and superintendents. and not as capitalists, and the average above

is the sums paid to all such parties.

These assumptions are made for the purpose of illustrating the nature of the alterations which subsequently took place, and are approximations to the actual state of society sufficiently near for that purpose. The condition of the poorer portion of the working classes, under these circumstances, is indicated by the amount of the assessments for the relief of the poor. From the year 1789 to 1793 there are no returns of the assessments, but the amounts are presumed to have been about the same as those from 1784 to 1788, which gave an annual average of £2,167,748. Thus, during this period, the condition of the people seems not to have deteriorated, although the population had, in all probability, considerably increased.

Notwithstanding the improvements which had been effected in agriculture, the consumption of grain had been greater than the amount produced at home; as, from January 5, 1785, to January 5, 1793, an annual average of 564,185 quarters had been imported, those quantities having been obtained in return for manufactures exported, instead of producing the grain directly from the soil.

The average annual value of produce and manufactures exported above the value of colonial produce re-exported, was, from the year 1789 to 1793, £15,961,865. and the value of the imports retained for home consumption was £13,367,180.* These are what are called the official values, that being an unvarying valuation put on the same kind of goods at the custom-house, whatever the market price may be, and, therefore,

* See 'Marshall's Statistical Illustrations of the British Empire.'—As this gentleman has had a sum of money voted to him, by the House of Commons, for his statistical productions, I prefer quoting him as an authority.

really expressing quantity, and not value. The value of the currency may, for the present, be inferred from the average price of the best wheat, which was at a mean of the two prices at Lady-day and Michaelmas, from the year 1784 to 1793—55s. 3½d. per quarter.*

The rate of profit on capital was comparatively low, as is evidenced by the small per centage obtained for money expended in the purchase of annuities. The price of the 3 per cent. consols, in the year 1792, having been 91½,† yielding an interest of a little more than 3½ per cent. per annum. These facts, put into a tabular form, will at once exhibit

the population in 1793	10,000,000,
the amount paid in the year 1793,	
in taxes.....	£18,000,000.
in rent	18,000,000.
in tithes, &c.....	4,000,000.
total	£40,000,000.
wheat, per quarter—up to 1793..	55s. 3½d.
3 per cent. consols.....	91½
and the	
official annual value, from 1789 to 1793, of	
all exports to be.....	£15,961,865.
imports.....	13,367,180.
the annual imports of grain.....	564,185 quarters,
and the annual assessments for the relief	
of the poor	£2,167,748.

Such are some of the more important statistical facts relating to those causes which operated upon and affected the condition of the people of Great Britain at the commencement of the French war, when the more

* Marshall's 'Statistical Illustrations of the British Empire.'

† See G. Chalmers' 'Comparative Estimate,' for the prices paid by the Commissioners for managing the Sinking Fund, page 261.

full developement of some of them, and the bringing into existence of others, materially modified that condition, and finally produced results altogether different from those which would have arisen in a peaceful and natural progress of circumstances.

At the termination of the American war it may have been that the inferior productive power of the country was unable to bring into existence annually more than, say, £115,000,000. of gross wealth, which, when the £40,000,000. of net wealth had been paid, would leave for aggregate profits and wages only £75,000,000; but, after that time, the improved system of cropping, known by the name of the rotation system, was much extended; and increased the productive power of agricultural labour.*

The more extensive application of machinery to manufactures, not only enabled the British manufacturer to furnish larger quantities of goods in exchange for the same quantities of British labour in the home market, but also gave to the exporter the power to sell them at such prices in foreign markets, as enabled him to bring back, in return for those goods, a greater abundance of foreign produce. These causes may have enabled the productive classes in Great Britain, at the commencement of the French war, to produce annually, with equal ease, £120,000,000. and then the additional five millions would be added to the previous fund which constituted wages. For, the profits of the capitalist were, at the period, about equally low, as may be seen by the current rate of interest obtainable; and taxes, tithes, and rents, were nearly stationary, so that all the

* See Middleton's Agricultural Report of Middlesex, and A. Young's experiments, recorded in the 23rd vol. of the Annals of Agriculture.

advantages arising from the increase in the productive power of labour, were enjoyed by the labourers themselves in the form of higher real wages, or a greater abundance of the necessaries and comforts of life ; and, if profits, taxes, rents and tithes had remained stationary, or nearly so, and the productive power of labour had gone on increasing, as it afterwards really did, wages must have continued to rise, and a period of great prosperity would have been enjoyed by the labouring classes. All those commodities which constitute real wages, or the subsistence of the labourer, would have been abundant ; and the capitalists who owned them would, in competition with each other, and through the instrumentality of money, have used them in giving employment to labour wherever it could be found, and in the payment of those high wages which that labour would then have commanded.

But the country was conducted through a very different course. Loans were contracted, which raised the rate of profit on all the capital in the country, to the benefit of the capitalist, but to the injury of the labourer,—taxes were increased to a great extent,—important alterations in the value of the currency first lowered the real amount of the rent of land, but afterwards stimulated a baneful advance of it, and the burden of tithe was considerably increased, until these causes, altogether, not only deprived the labourers of every benefit which they would otherwise have enjoyed from an increase in their productive power, but, in spite of that increase, and of other favourable circumstances, lowered their real wages, and, finally, reduced them to a state of privation and distress.

At the commencement of the war, one of the first steps of the government was to increase the issue of

bills, as that was a proceeding the least likely to alarm the country. The amount of navy and exchequer bills in circulation at the end of each year was

in 1792.....	£14,449,889.
in 1793.....	17,954,665.
in 1794.....	19,758,109.
in 1795.....	24,972,616.*

making an increase in three years of above 10½ millions sterling! This was incurring a debt to that amount as decidedly as if a regular loan had been made, and its effects were of the same character as those of a loan would have been. The rate of profit was thereby raised, first on the floating capital in the London market, and in succession on the loose or circulating capital throughout the country, and, finally, on all the capital employed in production, whether fixed or circulating.

G. Chalmers, in his 'Estimate,' boasts that floating debts of the navy, victualling and ordnance departments were funded to an amount that required £938,000. of annual taxes to pay the interest. The commencement of a new war soon created an unfunded debt similar in kind to that which he says, in 1784, 'depressed the whole system of our funds and credit.'

In addition to the 10½ millions raised by bills, there were paid into the exchequer, on account of loans, during the same period, the following sums, namely,

in the year 1793.....	£3,925,000.
in the year 1794.....	11,000,000.
in the year 1795.....	17,300,000.*

making, in the three years, a total of £32,225,000. borrowed, to which add the navy and exchequer bills issued, and we have a grand total of £42,747,727. raised

* See Marshall's 'Statistical Illustrations,' page 111, and page 1.

on credit in three years. Capital to that amount was taken from productive use,—its abundance was diminished,—the rate of profit was raised, and the general rate of wages thereby reduced, below what it would have been, if these loans had not been made.

That this £42,747,727. was finally taken from wages in the form of higher profits will appear from the following facts and reasonings. In the year 1792 the price of the 3 per cent. consols was 91½, yielding an interest to the party investing his capital of rather more than 3¼ per cent. per annum. Now if we take the general rate of profit on all the capital of the country at double this rate of interest, it will be rather more than 6½ per cent.* The whole capital in the country, at this time, according to an estimate in 'Rees' Cyclopaedia,' was £348,000,000.† but we will take it at the round sum of 350 millions, which, at 6½ per cent. yielded to the owners an aggregate income of £22,750,000.; but, in 1796, the average price of consols was 82½, furnishing an interest of nearly 5 per cent. per annum. Taking, as before, the capital to yield, as *profit*, double the rate of interest, or, in round numbers, say 10 per cent. we shall find that the annual sum received by the owners, as profit, would now be

* "Double interest is, in Great Britain, reckoned what the merchants call a good, moderate, and reasonable profit, terms which, I apprehend, mean no more than a common and usual profit."—*Wealth of Nations*, Book I. Chap. 9.

† Value of the houses in Great Britain	£170,000,000.
" farming stock and cattle.....	102,000,000.
" shipping £16,000,000.—money £26,000,000...	41,000,000.
" goods in the hands of merchants, manufacturers, and dealers	35,581,000.
Total.....	<u>£348,581,000.</u>

—See *Rees' Cyclopaedia*, article 'Britain.'

£35,000,000. making a total increase of profit, in the year, of £12,250,000. Now, the average annual sum raised by bills and loans, for these three years, was £14,249,242. being but about one-seventh more than the amount of the additional profit.

To apply this to the rate of wages, we must take the whole amount of the fund furnishing—both profit and wages; as before, at £80,000,000. When profit was at $6\frac{1}{2}$ per cent. there would have to be taken from that fund, for profit, only £22,750,000. leaving £57,250,000. for wages; but when profit was 10 per cent. the sum of £35,000,000. would be taken as profit, leaving for wages only £45,000,000. The sums thus named, it is to be observed, may be taken to mean sums of money, if money prices remain unaltered, or they may be considered to express quantities of commodities.

A consequence of this altered state of the situations of labourers and capitalists must have been a reduction in wages, and a falling off in the demand for those things which form the comforts of the labouring class. The consumption of these articles would be reduced, and the demand for them would decline. Many of the persons who had previously been engaged in producing them would cease to be so employed, and would be obliged to become sailors or soldiers, or to engage in producing those articles on which the £42,747,727. that had been abstracted principally from wages, would now be expended. Tanners, shoemakers, weavers, tailors, hatters, maltsters, and others of similar trades, would be reduced in numbers; and the persons who might have been employed in these branches to produce articles for the use and enjoyment of those who live on wages, would go to swell the ranks of the unproductive navy or army, or to labour in the dock-yards,

or other establishments required in the new state into which the country had passed: in short, they would be transformed from primary to secondary producers. A part of the productive power of the country would thus receive a new and, for the labouring class, a less beneficial direction, which would be felt in a scarcity of employment in some departments, a new demand for labour in other departments, and, on the whole, a general fall in the rate of real wages.

Such a transfer of labour, at the time, caused an extensive derangement in the affairs of individuals, as is shewn by the great number of bankruptcies which occurred.* The following table shews the number of commissions of bankrupt issued:—

commissions issued in the year	1791	.....	769
„	1792	.....	934
„	1793	.....	1,956
„	1794	.....	1,041†

Notwithstanding this derangement, the system of borrowing which had been acted upon, and the peculiar situation of the country at the time, particularly in the manufacturing districts, where machinery had been but recently introduced, and had raised wages in some departments, enabled the government of that day to obtain a tolerably general sanction to the war. The capitalist soon experienced the benefit of the rise in the rate of profit, and that tended to reconcile him to the war; while the increase which was taking place in the productive power of the people, through improvements

* The distress at this period was aggravated by the failure of above one hundred country banks, whose notes were annihilated.—See Macpherson's 'Annals of Commerce,' vol. 4, page 266.

† Marshall, page 73.

in agriculture and the use of machinery in manufacturing, checked, to some extent, the fall which would otherwise have taken place in wages, and prevented the war from becoming very unpopular with the labouring classes. This was the case more decidedly in the cotton manufacture, where machinery had previously raised wages to a high rate, and afterwards either further advanced them or kept them from falling, in opposition to the effects of loans, and the consequent scarcity of capital.

The following table exhibits the total amount expended by the government in the first three years of the war, the portion raised in taxes (the difference being borrowed), and the amount of the notes of the bank of England in circulation.

	In 1793.	In 1794.	In 1795.
	£	£	£
*Total expenditure	22,754,366	29,305,447	39,751,091
Amount received from } taxes }	17,707,938	17,899,295	18,456,298
Bank notes in circulation	10,838,214	10,628,222	11,458,382

This table shews that the most important alteration which had yet taken place was in the increased expenditure by the government of the sums they had borrowed. The additional sums received for taxes were not considerable, and the amounts of notes of the bank of England in circulation had not been greatly augmented.

The exports had increased from £14,605,753. in the year 1793 to £18,761,427. in 1795, but as a part of the goods exported was made with the aid of improved

machinery, there would probably be no material increase in the quantity of labour requisite to produce this additional quantity of exports. The whole of the annual imports would, consequently, be obtained without the expenditure of any great additional quantity of labour. Among these imports were foreign grain and flour, which, from 1793 to 1797, both inclusive, amounted to 5,380,000 quarters of grain, and 589,847 cwt. of flour, the value of which was £8,300,000. being an annual average of 1,076,000 qrs. of grain, and 117,969 cwt. of flour, of the value of £1,666,666. sterling.

The average prices of wheat, of medium quality, per quarter, in the years named, were as follow :—

In the year 1793.....	48s. 11d.
„ 1794.....	51s. 8d.
„ 1795.....	74s. 2d.
„ 1796.....	77s. 1d.
„ 1797.....	53s. 5d.*

The high prices of wheat, in the years 1795 & 6, arose partly from the deficiency of the crop in the year 1795, which was estimated by lord Sheffield, in the house of commons, on the 13th of December, in that year, at about one eighth. The free issue of exchequer bills by the government, might, by furnishing means with which to speculate, have caused the price to rise somewhat higher than it would have done in the absence of those bills, but the rise is certainly not attributable to any excessive issue of bank of England notes, as appears by the return of the amount of those notes in circulation in 1795 & 6. In the former year the amount was £11,458,382., and in the latter only £9,531,335.

The extent of the rise in the rate of profit, and con-

* Marshall, page 104, from a parliamentary return in 1819.

sequent reduction in the general rate of wages, may be seen from the prices of the 3 per cent. consols, which were

In the year 1792	91½
„ 1793	76
„ 1794	67½
„ 1795	66½
„ 1796	62½
„ 1797	50½*

yet the introduction of machinery into some branches of manufacture, particularly in the cotton-spinning department, not only counteracted, in those branches, the tendency of wages to fall, but absolutely raised the money rate of wages, as is seen in the prices paid for weaving a particular kind of cotton cloth much used, called a Blackburn printing cloth 7-8ths, 74. Those prices were,

In the year 1793	6s.	0d.
„ 1794	6s.	0d.
„ 1795	7s.	0d.
„ 1796	7s.	0d.
„ 1797	7s.	6d.†

The general rise in the rate of profit would, of course, include profit on capital employed in agriculture, and thus tend to reduce wages in that department; and as the improvements in agriculture were not sufficient fully to counteract the effects of a rise in profit, the real wages of the farming labourer would fall. This was indeed known to be the fact at the time, and the larger sums said to have been required for the relief of the poor would have been evidence of it, but, as there are no returns of those sums, we cannot adduce the proof which they would furnish.

* From the 'Monthly Magazine,' and other periodicals.

† See the Lords' report of 1814.

Mr. Tooke has shewn, in his work on prices, that when a deficient harvest occurs, the prices of grain rise, for a time, in a greater ratio than the degree of deficiency; and this was seen in the high prices of 1795 and 1796, which gave to the farmer a profit above the advanced rate that was general throughout the country. Farmers, therefore, had their profits increased from two causes, operating at the same time,—that is, from the general scarcity of capital, arising from its absorption by government loans, and also from scarcity of grain consequent on a bad harvest. And as these causes benefited the farming *capitalist*, so they injured the great body of labourers throughout the country.

One of the effects which resulted from additional means being thus placed at the disposal of the agricultural capitalist, was an increased activity in cultivation. This was observable not only in the spirit with which farming was carried on, upon the lands already under cultivation, but also in the number of acts of parliament obtained to inclose common lands. They were

In the year 1792	40
„ 1793	60
„ 1794	74
„ 1795	77
„ 1796	72
„ 1797	85*

Another effect was a rise of the rent of land through the competition of cultivators to obtain that land, which now yielded so high a profit to the farmer. Accordingly, at this period, it is well known that rents

* See the Lords' report on the resumption of cash payments, in 1819, p. 430.
 G. Chalmers states that, from 1783 to 1793 inclusive, three hundred and forty-three acts were passed for inclosing, draining, &c. land; being 31 and 2-11ths annually.—See his 'Estimate,' page 275.

advanced considerably, and land proprietors, experiencing this, would feel themselves in a state of prosperity. The labourers, particularly those engaged in agriculture, were the sufferers by these alterations, which took from them a part of what should have been their real wages, and gave it to their employers. The labourers' privations were increased, and their reduced state obliged them to apply to their parishes for relief, to a greater extent than they had previously done.

In the year 1797 a loan, remitted to the Emperor of Germany, turned the exchanges with the continent of Europe against this country for a time, and a general alarm arising at the same period from political circumstances, there was such a call upon the bank of England for coin, in payment of their notes, as nearly exhausted their stock of the precious metals. Reduced to this state they applied to the ministry of the day to protect them from the claims of their creditors, and they were accordingly "*prohibited*," as it was rather singularly termed, from paying their notes in coin.

This measure was attended with important consequences at a subsequent period, but for a few years it had not any considerable effect on the general condition of the country. The exchanges soon adjusted themselves through the increase, and the kind, of the exported commodities, as we shall see more particularly hereafter; and the bank gradually augmented the amount of their notes in circulation, and issued some as low as £1. each; but as either the peculiar state of our exports at that time tended to cause the precious metals to flow strongly towards this country, or coin flowed out of the country equal to the increased issues of paper, or both of these effects took place to certain extents, the notes were not depreciated, but continued

generally of equal value with gold. The result merely was, that, of the whole amount of money in circulation a larger proportion was of paper, and a smaller of metallic money. The notes of the bank of England, in circulation in the year 1797, amounted, as we have before stated, to.....£11,406,628. in 1798 they were increased to.....£12,191,628. and in 1799 to.....£13,259,873. without the exchanges or the prices of bullion indicating any excess in the whole amount of the currency.

The expenditure of the government, and consequently the sums drawn from the people in various ways, went on increasing, as may be seen in the subjoined statement, which shews the expenditure,—the amount received from the taxes,—and the amounts borrowed in each year, viz.

	<i>Expenditure.</i>	<i>Amount received in taxes.</i>	<i>Amount borrowed.</i>
In 1796,	£40,761,533	£18,548,628	£45,810,943*
„ 1797,	50,739,857	19,852,646	31,263,974
„ 1798,	51,241,798	30,492,995	18,017,784
„ 1799,	59,296,081	35,311,018	23,965,978
	£202,039,269	£104,205,287	£119,058,629

Here we see, that instead of 18 millions, the sum drawn from the country by the government, in one year, prior to the commencement of the war, there were expended in 1799, that is only six years after its commencement, nearly 60 millions.† And from the

* This includes £17,356,196. of exchequer bills funded in the year. The amount borrowed is not always expended in the same year. There is also a small sum received from Ireland.—See Marshall, page 1.

† The round sum of 60 millions is named that the reader may not have his attention unnecessarily occupied with a long detail of figures. The nature of the alterations which were in progress, and the kind of effect produced, being what are attempted to be exhibited, and not minute accuracy in detail.

causes already pointed out, this very large amount must have been all, or nearly all, finally taken from what would otherwise have been the aggregate fund to constitute the wages of British labourers. The rise of rent, it may presumed, compensated land proprietors for such parts of the taxes as they had to pay, and the rate of profit continued high, as is shewn in the prices of consols, (3 per cents.)

In 1797*	50½	}†
1798	51	
1799	56	
1800	61	
1801	58½	
1802	70½	

These prices point at a considerable advance of the rate of profit from what it was in 1792; the capitalists, therefore, in their additional profits, would have the means both of paying their taxes and of creating annuities for themselves by feeding the loans, without encroaching upon the fund which they obtained from their ordinary profits, and on which they would still be able to subsist without at all diminishing their comforts. Mr. Tooke says, when speaking of this period, "that discounts by private bankers were nearly out of the question, as it was natural they should be, seeing that, while the law restricted the rate of interest on private securities, the rate on public securities, through the greatest part of 1797, was considerably higher. The 3 per cent. consols were, at one time, below 48; ex-

* On the 20th of September, 1797, the 3 per cents. sunk to 47½.—*McCulloch's Dictionary*, page 547.

† Collected from various periodical publications.

chequer bills at £2. 10s. and navy bills at above 15 per cent. discount. This enormous rate of interest rendered the use of money, even for the shortest intervals, valuable."—See his work on prices, vol. 1, page 46.

Thus it is apparent, that the whole of the wealth expended by the government was really furnished by the labouring class, and abstracted from their wages; and had not their productive power been augmented, by improvements in agriculture and manufactures, 42 millions sterling, being the difference between 18 and 60 millions, would have expressed the consequent reduction of the aggregate annual fund which constituted real wages. But there can be no doubt that these improvements prevented an absolute fall, in real wages, to the full extent named; yet, if we suppose the improvements to have furnished wealth to the extent of one-fourth, or even one-half of the amount absorbed by taxes and loans, enough of the effects of those taxes and loans will remain to account for the deteriorated condition of the common labourers throughout the country.

The privations of the labouring part of the people were greatly increased by the bad harvests of the years 1799 and 1800; and the scarcity, consequent on these harvests, caused the prices of food to rise to a great height, and large quantities of wheat, oats, barley, and malt were imported. The prices of wheat, of medium quality, and the quantities of grain imported, above what were exported, were,

In the year	1798.	1799.	1800.	1801.
Price per quarter.....	60s. 3d.	67s. 6d.	113s. 7d.	118s. 3d.
Quarters imported	1,185,074	862,041	1,902,574	2,074,299*

* Marshall, page 104.

The exports of British goods increased in their quantities considerably by this time, and, as we shall soon have occasion more fully to shew, those goods were calculated to command a plentiful supply of the precious metals ;—yet the sudden import of so unusually large a quantity of grain checked that supply, and indeed turned the balance of payments so much against this country as to cause gold to flow out of it, and the respective values of bank notes and gold became different. This difference in value was probably not caused, in the first instance, by an excessive quantity of paper depreciating the currency, as a much larger amount of paper was afterwards issued without causing any material depreciation, but from the great imports of grain, causing an unusual demand for the precious metals to pay for those imports. Had there been no bank notes in existence at the time, the demand for gold bullion, to remit to foreign countries, would have raised its currency price. And as the law did not permit gold coin to be melted or exported, the currency price of bullion would not have fallen, until either the extra demand for it had ceased, or the illegal conversion of coin into bullion had reduced the quantity of the currency. As it was, the currency price of bullion rose, and gold coin, being comparatively scarce, when sought after to be converted illegally into bullion, commanded a higher price than its denomination expressed. The demand for gold bullion thus extended to gold coin. As paper could not be exported to make the required payments, it was not in demand from the same temporary cause which acted upon the prices of bullion and coin, the two latter, consequently, parted in value from the paper. This subject, however, will have to be treated of more fully when we come to

enquire into the value of the currency, connected with the amounts of the taxes and loans raised by the government at later periods of the war. In 1801 the demand for gold raised its price in currency to 85s. the ounce. And the probability of this being caused solely by an excessive issue of bank notes, may be judged of by the amount of notes in circulation at this, and also at subsequent periods. The amounts were,

In 1796.....	£12,191,025.
1799.....	13,259,873.
1800.....	14,735,378.
1801.....	14,970,821.*

The annual official values (quantities) of exports above colonial produce re-exported, and also of imports from all parts of the world, Ireland included, were as follows, viz.

In	1796.	1797.	1798.
	£	£	£
Exports	19,102,120	16,903,103	19,632,543
Imports	23,187,319	21,013,956	27,857,889
<hr/>			
In	1799.	1800.	1801.
	£	£	£
Exports	24,084,213	24,304,287	25,760,188
Imports	26,837,432	30,570,603	32,795,557*

It may here be perceived that the quantities of exports were increased from £19,102,120 to £25,760,188; but as considerable portions of them were made by superior machinery and improved processes, their production did not require an equal increase in the quantities of labour. The additional quantities of imports £9,806,238, the difference between the imports of 1796

* Marshall, page 63.

and those of 1801 were, therefore, obtained without the expenditure of much additional labour; and the general labour of the country was, consequently, nearly as much at liberty to be devoted to the production of commodities for home consumption as it was prior to the increase in the imports. Imported articles were, in fact, procured on cheaper labour terms, and without stopping to enquire into the particular articles imported, we may generally affirm that foreign commerce was highly beneficial, inasmuch as the foreign produce was obtained for what had cost comparatively little labour. As this return expresses only quantities, and not value or price, we cannot infer from it how payments were balanced; but all foreign commerce is and must be finally barter of goods for goods, and there is reason to presume that, in the period of which we are treating, our returns of goods in the imports were large and beneficial, compared with the amounts of the exports. It was not, therefore, from the state of foreign commerce that any part of the privations of the people arose, but from those internal alterations which took so much wealth from the productive classes, and transferred it to the non-producers to be by them consumed.

The new inclosure acts passed were

In 1798.....	48
1799.....	66
1800.....	80
1801.....	122

This account points out the direction in which the large profits of the agricultural capitalists were expended. As the prices of grain rose, farmers became wealthy, and they used their wealth partly in living in a more expensive manner, partly in improving their farms, and partly in extending cultivation to lands not previously

used for that purpose. Hence the number of acts passed to inclose common lands. This extension of cultivation, to lands of inferior quality, furnished agricultural produce in greater abundance at a subsequent period, but, for a time, it increased the task of the labourers employed without increasing their remuneration. What may, perhaps, appear an impossibility to some persons now took place; there was an increase of employment for farming labourers, not only without an increase of wages, but with an absolute reduction of real wages! A part of the real wages of those employed, in the old way, and on the old land, was taken from them by the operation of the causes already pointed out, which part was used by the farming capitalists to pay the wages of those employed in improving the old lands, and in bringing into cultivation the new lands. The competition among farmers for obtaining labourers did not cause the real wages of farming labour to rise, nor even prevent them from falling, because the demand for farm produce by the community, and for capital by the borrowing government, ready to give a high interest for it, were sufficient to keep up the high profits of the farmer. The labourer, being the necessitous party, was, therefore, obliged to give way, and to accept such a reduced rate of wages as he could obtain. Evidence of the decline in the condition of common labourers, particularly in farming, may be seen in the increase of the assessments for the relief of the poor. At the commencement of the war, we have shewn that these amounted to £2,167,748. a year; but from the year 1798 to 1803 the average annual assessments amounted to no less a sum than £5,300,000, being thus considerably more than doubled in less than ten years!

In the cotton manufacture, the use of superior machinery, particularly in spinning, and the consequent preference obtained for cotton goods, furnished such means of paying wages, and caused such a demand for labour in that manufacture, as raised the money price paid for weaving an ordinary piece of cloth (a Blackburn 4-74) from six shillings, the sum paid for it in 1793, to the following rates :—

In 1798.....	7s. 0d.
1799.....	7s. 0d.
1800.....	8s. 0d.
1801.....	8s. 0d.
1802.....	10s. 0d.

In this case machinery counteracted the effects of a scarcity of grain, of a rise in the general rate of profit, and of increased taxation. And yet, because machinery does not always thus counteract, in a palpable manner, the effects of such injurious causes, it is itself often mistaken for the cause of low wages.

In March, 1802, peace was made with France, and thus terminated the first stage of the French revolutionary war, which had lasted nearly nine years. During this time taxes were raised from the people to the amount of £281,644,493, independent of the cost of collecting them ; and within the same period the government expended the enormous sum of £469,260,938. The difference between the two sums, or £187,616,445, having been borrowed in some form, and generally at a high rate of interest.

At the same time it is matter of notoriety that rents of lands were raised, and land proprietors were compensated, in the advance of rent, for any portion of the war taxes which they had paid. Their command over the produce of the industry of the country was aug-

mented by the rise of rent as much as it was diminished by additional taxation. They, consequently, consumed as much of the fruits of industry as they had enjoyed previously to the war,—that war was, therefore, no burden to them.

The borrowing system adopted by the government, by taking up large quantities of capital, at a high rate of interest, and expending it in an unproductive way, made capital comparatively scarce and profits high. And these high profits were obtained by capitalists, not only on the wealth thus lent to the government, but also on all the capital used throughout the country. The owners of houses, manufacturing establishments, farming stock, shipping, and stocks of goods of all kinds, to the amount, according to some estimates, of 400 millions sterling, participated in these profits which, as has been shown, were raised greatly above what they were previously to the war, and to the establishment of the borrowing system.

Had it not been for the increase in the numbers, as will be shown more fully hereafter, and the augmentation of the productive power of the labouring part of the people, they must have sunk under these burdens. As it was, all the benefits arising from these causes, which ought to have been enjoyed by the people, were absorbed by the government and the capitalists; and more than all the benefits were absorbed by these two parties, for a portion of what had been previously the means of support, and tolerably comfortable enjoyment, to the labourers' families,—in short, a portion of the previous real wages was taken from them, and they were reduced to a state of greater privation. Some of the comforts of the poorer portion of the labourers disappeared,—they too often found it impossible even to obtain a sufficiency of common necessities to sustain

themselves and families, and those who were the principal instruments in producing the abundance of wealth, which flowed in copious streams into the hands of the government, the landlords and the capitalists, were extensively compelled to apply for a scanty pittance from their parishes, to preserve themselves and their families from perishing with hunger.

Such were some of the general results of the first stage of the twenty-two years' war. These results were favourable to persons employed by the government, and to capitalists: with them, therefore, the war was popular, and they joined the original promoters of it. These classes collectively have great influence, and the complaints of the suffering labourers were drowned in their loud acclamations. By the aristocracy, the clergy, the magistracy, and even the press, the war was declared to be just and necessary, and the shouts at the stock exchange were echoed by the capitalists in every part of the country. Poorhouses and jails in vain admonished them that something was "rotten in the state of Denmark"—short-sighted selfishness triumphed, and the most industrious and highly productive people on the face of the earth were doomed to bring into existence, in abundance, all that is necessary for the support and solace of man, only to have it abstracted by those around them. Like Tantalus, they had the desired good within their view, but it evaded their grasp. They saw others enjoy that which, by a kind of financial magic, was taken from themselves,—they at the same time being frequently obliged to accept a miserable portion, doled out in the form of charity, to enable them to continue that labour upon which all depended. It is true they did not see clearly how all this was effected, but they felt the effects, and were compelled to endure the results.

GREAT BRITAIN, &c.

CHAP. III.

FROM 1802 TO 1809.

AMOUNT OF BANK NOTES ISSUED DURING THIS PERIOD, AND THE PRICE OF GOLD.—DEPRECIATION OF THE CURRENCY AND ITS EFFECTS.—PRICES OF WHEAT AND BEEF.—GOVERNMENT INCOME, EXPENDITURE, AND LOANS.—EFFECTS ON THE CONDITION OF FARMING LABOURERS.—PRICES OF WEAVING.—INCREASE OF EXPORTS.—RATE OF PROFIT.—NUMBER OF INCLOSURE BILLS.—ANALYTICAL VIEW OF THE STATE OF SOCIETY.—THE POPULATION.—VALUE OF THE CURRENCY.—COST OF THE IMPORTS.

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THE short-lived and feverish peace of Amiens terminated in 1803, and the war recommenced; when the same modes were resorted to of raising the supplies for conducting the war, that had been practised in the first stage of it. Borrowing and taxing were carried to a greater extent, and paper-money was issued so profusely as, at last, materially to depreciate the currency and to violate all existing contracts. But, notwithstanding these proceedings on the part of the government, the manufactures and commerce of the country were greatly extended, without, however, improving the condition of the people.

We have seen that, in the year 1801, the amount of Bank of England notes in circulation was £14,970,321,

and the price of gold in the same year was 85s. per ounce. The average amount of Bank of England notes in circulation, together with the average price of gold, in each of seven years, will be seen from the following table:—*

In the year	1802.	1803.	1804.	1805.
	£	£	£	£
B. of E. notes.	16,887,113	17,035,959	17,322,991	16,296,178
Gold p ounce.	84s.	80s.	80s.	80s.

In the year	1806.	1807.	1808.	
	£	£	£	
B. of E. notes.	19,072,898	20,034,112	17,365,254	
Gold p ounce.	80s.	80s.	80s.	

This table exhibits a depreciation of the currency, or a reduction in the value of a given amount of that currency, as compared with the value of the precious metals throughout the commercial world; and, at the same time, an increase in the amount of Bank of England notes, which indicate that the latter was the cause of the former. The Bank of England notes, however, issued at this period, were not the sole cause of the depreciation; to them must be added the amount of country bank notes, which, together with the large amount of bills, both government and commercial, that were in circulation, formed a mass of currency excessive in quantity, and, consequently, depreciated in value.

This depreciation in the value of the currency altered all existing contracts to pay definite sums, to the advantage of the payer, and, of course, to the disad-

* Marshall.

vantage of the receiver. Fixed annuitants,—as the receivers of ground rents of buildings, and other owners of permanent annuities—life annuitants—stock owners—and landowners who had let their lands on long leases, when receiving their definite sums of current money, now obtained a smaller value, and those who paid them had to pay a smaller value. This alteration was, so far, favorable to the productive classes, as they now had to part with less of the produce of labour. In other words, they had to pay that which would command smaller quantities of the produce of labour, than it would have done prior to the period of the depreciation.*

Of all the parties affected by the alteration in the value of the currency, as well as by the manner in which that alteration was effected, the farmers or agricultural capitalists seem to have been the most benefited. One of the effects of the depreciation was to enable them to pay their money rents with a smaller part of the produce of the land, than would have been requisite if the currency had remained at its full value; the difference was a clear gain to the farmer. The money wages of agricultural labourers, it is well known, do not alter with the money prices of produce, and on this occasion their money wages remained nearly the same as before the depreciation—this was another source of gain to the farmer. He was, accordingly, considered a thriving man and worthy of credit. The paper-money system, then in existence, was favourable to the creation of country bank notes, and, with these, the farmer was supplied by the country banker, and he

* It will be shewn hereafter that, though the issue of bank notes was the cause of the depreciation of the currency, it was not the sole cause of the reduction in its value.

was thus enabled, occasionally, to keep back his produce from the market, and to raise the price higher than it would otherwise have been, with such quantities of produce as were actually obtained from the land. The average prices of wheat throughout England, and of beef in Smithfield market, for the seven years from 1802 to 1808, may be seen in the following table :—

In the year	1802	1803	1804	1805	1806	1807	1808
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Wheat $\frac{1}{4}$ quarter..	67 5	56 6	60 1	87 10	79 0	73 3	79 0
Beef $\frac{1}{4}$ stone.....	5 1	4 9	5 1	4 0	4 0	5 2	4 3

Bad harvests, such as those of 1799 and 1800, have two effects. First, through the high money prices obtained by the farmer, they stimulate him to make greater efforts to raise produce; and, secondly, those same high prices deprive the great mass of the consumers of ability to purchase to the ordinary extent. These two causes combined seem to have produced their maximum effect in lowering prices in 1803, when the average price of wheat was only 56s. 6d. per quarter. But from this point prices rose, as the general causes which have been already adverted to operated on the condition of the different classes.

The amount of taxes and loans, during this period, may be seen from the following table of the income of the government arising from taxes, together with the amount expended, the difference having to be made up by borrowing in some shape, either by loans, generally so called, or by the issue of bills, viz :—

	<i>Income from taxes.</i>	<i>Expenditure.</i>	<i>Borrowed.</i>
In 1803..	£36,847,882	£45,823,783	£8,975,901
1804..	44,278,381	56,159,263	11,880,879
1805..	49,272,060	67,070,942	17,798,882
1806..	53,896,980	65,421,802	11,524,823
1807..	57,403,402	65,016,112	7,612,710
1808..	60,751,973	70,645,219	9,893,246*

These are the net sums which were actually received, and, therefore, do not express the whole amount raised from the people, as the expenses of collecting and borrowing were known to have been great. But these sums, with the expenses attending the obtaining of them, were (with some exception, which it is not necessary here to point out) taken from wages, and, to a proportionate extent, kept down real wages throughout the country. The effects on the condition of the agricultural labourers may be discovered in their general impoverishment,—counteracting causes acting with less force on their condition than on that of other labourers, and the general effect on the whole of the poorer portion of the labouring class, may be seen in the amount of assessments made for their relief. The average annual amount of these, from 1804 to 1809, was £6,500,000. being about three times the amount at the commencement of the war in 1793.

In some branches of manufacture the use of greatly improved machinery enabled the English manufacturer to produce his commodities with so small an expenditure of labour, as gave him the power to undersell the manufacturers of other countries, and yet to command high profits himself. With these high profits he naturally aimed at extending his business, and he accordingly offered and paid high wages, compared with the

* Marshall.

general rate throughout the country. But the comparatively high wages in the manufacturing districts soon attracted labour from other parts, and though the increase of population in those districts showed that there was a great extension of business, yet, in a short time, wages in them partook of the general decline. The lords' report of 1814 represents the wages paid for weaving a Blackburn 74, as follows:—

In the year 1803.....	9s. 0d.
„ 1804.....	7s. 6d.
„ 1805.....	8s. 6d.
„ 1806.....	7s. 6d.
„ 1807.....	7s. 6d.
„ 1808.....	5s. 6d.

The manufacturing population, as well as manufactures, increased greatly during the war, and some persons thought that the war was the cause of the increase: this, however, was evidently an error. If loans and taxes had not regularly taken up large portions of capital at that time manufactures would have increased with still greater rapidity, seeing that then all the accumulations of capital must have been vested in business, and thus there would have been an additional demand for labour. It may, however, be remarked, that the profits of the manufacturer were partly obtained from the foreign consumer, while the high profits of the agricultural capitalists all came from the wages of British labour.

That the reduction of money wages, and, in a still greater degree, of real wages, was not attributable to any decline of commerce is evident from the amount of the exports during the same period. We have already seen that in the year 1793 the official value (quantity) of produce exported beyond colonial produce re-

exported was £14,605,753., and in the period between 1802 and 1809 the annual amounts were,

In the year 1803.....	£22,115,238.
„ 1804.....	23,935,793.
„ 1805.....	24,358,037.
„ 1806.....	27,402,705.
„ 1807.....	25,171,268.
„ 1808.....	26,691,063.

Yet, notwithstanding this increase in foreign trade, and the additional demand for labour shown by the employment given in manufacturing districts to an increased population, the counteracting causes, loans, taxes, and consequent high profits, were sufficiently strong to bring down both money wages and real wages to the extent seen in the table.* Some idea may be acquired of the increase of employment, from the increase of the population of the town of Manchester, the principal seat of the cotton manufacture, which, in the year 1801, was 93,363, and in the year 1811 was 113,798.

That the general rate of profit continued high there is no room to doubt, as taking from fifty to seventy millions of capital each year from productive use, or from trade, in the shape of loans and taxes, and spending it in an unproductive way, must have kept capital comparatively scarce, and profit high. The prices of the 3 per cent. consols were, on Feb. 28,

In the year 1803 ..	71½	In the year 1806 ..	60½
„ 1804 ..	55½	„ 1807 ..	62½
„ 1805 ..	58½	„ 1808 ..	63½†

* The decline in the wages of weavers has been attributed to the introduction of power-looms; but, at this period, the power-loom had not been brought into use sufficiently to affect the market.

† Pablo Febrer's 'Taxation, Revenue, &c. of the British Empire,' p. 261.

The high prices of grain in 1800 and 1801 produced great gains to the farmers, and their additional profits were in part laid out on the land. The result of this extension of cultivation was a comparative glut of landed produce in 1803, which brought the price of wheat down to an average of 56s. 6d. in that year. The new inclosure bills passed were,

In the year 1802	96
„ 1803	104
„ 1804	52
„ 1805	71
„ 1806	76
„ 1807	91
„ 1808	92*

Although we have no means of clearly proving it, yet there is every reason to presume, from the existence of highly favourable circumstances for effecting it, that rent was at this time considerably raised.† The holding of land had been very beneficial to the tenant, and, nearly every farmer being desirous to increase his holding, endeavoured to take any land that was to let. Proprietors were not long in perceiving, nor slow in taking advantage of this state of things ;

* Marshall.

† In the 'Annual Register,' for 1815, in a review of this period, the writer says, "The prices of all kinds of grain rose suddenly and enormously; the profits of the farmer rose nearly in the same proportion; the demand for farms became urgent, and rents were raised excessively." And again, "Though our harvests now produced an average crop, yet, from the causes just stated operating along with the increased rent of land, the price of corn continued high; the competition for farms, consequently, continued and increased; not only did new competitors appear, but those who already held farms, having increased their capital by the high price of grain, were anxious to occupy more land. Thus, in a few years, the rent of land was more than doubled, although it was evident that it was much above what could be paid if corn ever resumed a moderate price."—Page 311.

but if they had not seen it, such was the keen competition for land, that tenants were ready to bid against each other, and in that way almost compelled the owners to raise the general rate of rent. The result, however, was, that a general advance took place in the aggregate amount paid as rent of land, or the rent tax was increased; and, at no subsequent period has the advance been taken off. It compensated and, probably, at times, more than compensated the land proprietors for those government taxes which were imposed on them; and they thus obtained a greater command over and were enabled to consume a larger quantity of the produce of labour than they had done previously to the advance of rent.*

Thus everything tended to strip the labourer to a greater extent of the produce of his labour, and to transfer it to other parties, such as the government and those whom they employed, to the landowner, and to the capitalist. Labour was, it is true, made more productive, and, therefore, better able to bear the heavy deductions to which it was subjected, but the increase of productive power was not sufficient fully to counteract the abstraction of so large a portion of wealth as was taken in the various ways pointed out; and the condition of the labourers, particularly the poorer classes of them, was generally on the decline.

To have an exhibition of the state of the country at the termination of the period of which we are treating, we will take another analytical view of it. In the year

* To what extent the real burden of additional money rent was counteracted, by a reduction in the value of money, will be enquired into when we reach the period of the greatest depreciation of the currency.

1808 government expended	£70,645,219
and, the causes just mentioned had raised	
rent to, say	28,000,000
Tithes, &c. say as before	4,000,000
Profit on say 400 millions, at $6\frac{1}{2}$ per cent.*	26,000,000
Total. .	<u>£128,645,219</u>

This is a larger amount of wealth than the primary producers brought into existence in 1793, and, therefore, if there had not been alterations going on which enabled them to furnish this large amount in 1808, it is impossible that it could have been furnished. The attempt to extract it would soon have brought them into extreme wretchedness; and, if persisted in, they must have sunk. The principal alterations which were taking place at the time, which enabled the primary producers to part with such an immense sum, were three in number, namely, an increase in the population, an augmentation of the productive power of the primary producers, and a reduction in the value of the currency, which made the sums command less of the produce of labour.

The 1,200,000 primary labouring families in 1793 produced, at £100. each, only £120,000,000. But, in 1808, if through an increase of the population, 250,000 other families were added to their number, the whole could, with equal ease, produce £145,000,000. which would yield the whole of the net wealth and profit, and leave £16,354,781. for wages, and this difference would arise solely from an increase of the population.

* As the full amounts of the sums paid as taxes and loans are put down in the first place, the additional profit between $6\frac{1}{2}$ and 10 per cent. obtained by the capitalists, must not be put down again, as that would be reckoning the same sum twice.

That the population did increase to the extent named, during this period, is clear. For a considerable time prior to the French war of 1793, and from that time up to 1801, the same kinds of alterations were going on in the economy of the country, and the sizes of the towns, as those which have taken place since the last named year. From the returns of the two censuses of 1801 and 1811 it appears that, at the former period, the population of Great Britain was 10,472,048, and, at the latter period, 11,969,364, making an increase in ten years of 1,497,316. We may, therefore, take for granted that from 1793 to 1808 the population increased one and a half millions, or 250,000 families, of six persons each. Had these been all labouring primary producers they would, at the rate of production already given, have created additional wealth to the amount of £25,000,000. and from that fund would be taken a proportional part of the net wealth abstracted from the whole of the primary producers. The grand total of primary produce would become 145 instead of 120 millions, and the aggregate fund left for wages would then be £16,354,781. This exhibits, most strikingly, the effect of an addition to the number of primary producers in counteracting the bad consequences which flow from an abstraction of large portions of net wealth. But when the productive power also is increased the results are much more beneficial. Let the primary productive power be increased on an average 5 per cent., and this would add commodities equal to £7,250,000. to real wages, making the total fund for wages £23,604,781. Still it is evident that so small a fund would not have supported the primary labourers, and, it therefore follows, that either their productive power must have been increased more than

5 per cent., or the wealth taken from them, as expressed by the sums named, was not so large a proportion of the whole wealth produced as would appear from the sums named. In short, that the sums collected by the government and the landowners were in a currency reduced in value, and, consequently, no longer commanding the same quantities of commodities. How far the last named cause operated, at this time, we shall have occasion hereafter to enquire, but, for the present, enough has been said to show the beneficial effects both of an increase, of the numbers of the primary labourers, and of their productive power.

It is probable that, at this period, the supplies of foreign produce did not cost the country any great additional quantity of its labour, as, although the exports sent out to obtain them had increased in quantity, yet the power of labour to produce them had also so much increased as to warrant a presumption that not much more labour was employed in furnishing them. The imports of grain, from 1803 to 1808, were as follows :

In the year 1804	.....	1,002,418	quarters.
„ 1805	.....	1,240,765	„
„ 1806	.....	1,267,045	„
„ 1807	.....	1,107,758	„
„ 1808	.....	514,104	„

and, as these were obtained in return for the produce of highly productive labour, they were procured on favourable terms.

The period, from the rupture of the peace of Amiens to the year 1809, was then marked with the same general features as the first stage of the war. The same system of loans and taxes abstracted increasing proportions of the wealth produced, and, by making capital comparatively scarce, raised and kept up the

general rate of profit; and either prevented wages from rising, or, as was generally the case, caused them absolutely to fall. The advance in the prices of landed produce caused an advance of the rent of land, and the average profit of the agricultural capitalist being made high at the same time, by other causes, the whole of the additional rent was taken from wages. On the other hand, to counteract the effects of these causes, we have the augmented productive power of the people, and the depreciation of the currency. The former enabled the people to bring more wealth into existence, and the latter caused less of it to be taken by the owners of annuities; but these two causes combined were less powerful than those which operated in the opposite direction, and, therefore, real wages declined, and, with them, the condition of the labouring class.

The total sum expended in the six years, from 1803 to 1808 inclusive, was..... £370,137,120.
of which..... 302,450,678.
were raised by taxes, and the remaining 67,686,442.
were, in some form, borrowed. The sum expended was, it should be remembered, the net receipt by the government, independent of the cost of collecting, on account of which 7 per cent. might be added, which would raise the whole amount extracted from the people, in the six years, to nearly 400 millions sterling.

GREAT BRITAIN, &c.

CHAP. IV.

FROM 1808 TO 1814.

GOVERNMENT INCOME, EXPENDITURE, AND LOANS.—AMOUNT OF BANK
NOTES.—PRICES OF GOLD, WHEAT, AND BEEF.—VALUE OF THE
CURRENCY.—VALUE OF GOLD, WHEN PRODUCED, AND WHEN PRO-
CURED.—DEPRECIATION AND REDUCTION OF VALUE.—SUPPLY OF
GOLD INFLUENCED BY EXPORTS AND IMPORTS.—AFFECTED BY
CHEAPLY PRODUCED EXPORTS.—THE COTTON MANUFACTURE.

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WE now approach the period when the borrowing, taxing, and paper-money systems were carried to their greatest extent, and produced their most important effects on the condition of the different classes in society. In reviewing the occurrences of the six years between 1808 and 1815, there appear to be such an amazing display of national resources, and, at the same time, such a reckless expenditure of wealth as is, probably, unequalled in the histories of warlike struggles. And it becomes peculiarly interesting to enquire what were the circumstances which enabled the English government to raise such resources, and how the people were affected by the abstraction from them of such large quantities of wealth.

In the following table may be seen some important facts relating to each year of this period, namely, the government income arising from taxes, the expenditure, and the difference, which was raised in the form of bills or loans—the amount of Bank of England notes in circulation in the first week in August; and the effects of those are shown in the mean price of gold, marking the extent of the depreciation of the currency; together with the mean prices of wheat per quarter, and of beef per stone.*

<i>In the years</i>	<i>Income.</i>	<i>Expen- diture.</i>	<i>Borrowed</i>	<i>Bank notes.</i>	<i>Gold per ounce.</i>	<i>Price of wheat.</i>	<i>Price of beef.</i>
	£	£	£	£	s. d.	s. d.	s. d.
1800	61,952,994	73,012,237	11,059,963	19,357,341	80 0	95 7	4 4
1810	67,449,645	77,961,400	10,511,755	24,446,275	85 0	106 2	5 6
1811	65,402,295	79,346,430	13,944,125	23,793,115	93 0	94 6	5 8
1812	63,203,192	88,925,508	25,722,316	23,482,910	101 9	125 6	5 8
1813	71,202,676	109,054,125	37,551,449	24,024,889	110 0	108 9	5 8
1814	72,151,281	106,901,336	34,750,055	26,978,876	89 0	73 11	5 0

In looking over this table, the attention must be arrested by the enormous expenditure of the government, amounting in the year 1813 to £109,054,125; and this, it should be recollected, is exclusive of the sums paid over to the commissioners of the sinking fund, as the sums thus laid out by them in the purchase of stock may be considered as having been lent again to the government by the sellers of that stock. But, extravagant as was the ministry of that day, they are not chargeable with having expended so large an amount of money in a currency of full value. In comparing the expenditure of this with the expenditure of former periods, we must estimate, and allow for, the extent of the depreciation of the currency

* The prices of beef and gold are from Tooke, the other facts from Marshall.

through excessive issues of paper-money. This depreciation, as measured by the market price of gold, was, according to Tooke, in 1812, as £5. 1s. 9d., and in 1813, as £5. 10s. 0d. to £3. 17s. 10½d., and may, for the purpose of having a simple per centage, be taken for a number of years, at an average of 20 per cent. It was more than this, we see, in 1813, but taking 20 per cent. as the extent of average depreciation, makes it apply to a longer period. Presuming then, that the sum of £109,054,125.* in the year 1813, was in a currency depreciated 20 per cent. it would be equal in value, or would represent commodities equal to £87,243,300. of undepreciated currency, and this sum exceeds the expenditure of 1808—the year of the greatest expenditure, up to that time, by no less than £16,598,081. of the currency of that period. But the currency being then depreciated, say 4 per cent., the expenditure in 1813 over the expenditure of 1808 in money of full value, that is to say, equal in value to gold bullion, was £19,423,889., a very large sum added to the expenditure of 1808.

The extent of depreciation of the currency, at this period, has been the subject of much dispute among different parties, some of whom have contended that it was much greater than was indicated by the price of gold. It has already been stated that, by the word "depreciation," is meant a fall in the value of the currency below the value of gold. The standard being £3. 17s. 10½d. of currency formed of an ounce of gold, and, therefore, equal in value to an ounce of gold: if £3. 17s. 10½d. ceases to be so equal, and £4. or £5.10s. of currency are found to be requisite in the market to

* The expense of collecting the taxes in this year was said to be eight millions:—*Annual Register for 1815, page 237.*

obtain an ounce of gold, then the currency is depreciated to the extent of the difference. It is the departure of the currency from the gold standard, by sinking below it, which constitutes the depreciation, and the price of gold, expressed in the currency, being ascertained to be such as to require £5. 10s. of it to purchase an ounce of gold, is conclusive proof of the depreciation to the extent of the difference between £3. 17s. 10½d. and £5. 10s. The value of gold itself, as compared with other commodities, may either increase or decrease, at the same time that a currency may be depreciated by an excessive issue of paper. And there have been persons to maintain that, at the period of which we are treating, gold rose in value in consequence of its scarcity; while others have as confidently asserted, that it sank to less than one half of its previous value, and of the value it has since attained. The ministerial writers, of the period, were the parties who maintained the former of these opinions, now, however, generally abandoned; and Mr. Cobbett, Mr. T. Attwood, and others, have supported the latter opinion. As it is not possible to form a just estimate of the effects produced by the various measures of the then existing government, without knowing the value of the sums raised, or what quantities of commodities they were equivalents to, it is necessary that we should go into an inquiry respecting the value of gold, compared with other commodities, at this period.

The relative value of gold, compared with the value of other commodities, in the countries in which both are produced, depends on their relative costs of production. To *produce* an ounce of gold costs fifteen times as much labour as to produce an ounce of silver, and, therefore, one ounce of gold exchanges against

fifteen ounces of silver. If, in the same country, it is equally difficult to produce a quarter of wheat, then the quarter of wheat, the ounce of gold, and the fifteen ounces of silver will exchange against each other. If the quarter of wheat is raised with only one half the labour, then (omitting all consideration of the rent paid) the wheat exchanges against, or sells for, half an ounce of gold, or seven and a half ounces of silver, and the same rule will apply to all other commodities.

In countries where the supply of gold is procured in exchange for exported commodities, the *cost of procuring* it, in like manner, determines its value. If it requires a quarter of wheat, or a piece of cloth, of given quality, in the production of which, a quarter of wheat has been directly or indirectly expended, or any other articles equivalent in value to a quarter of wheat, or such a piece of cloth, to procure in the market of the world an ounce of gold, then all these various articles will exchange against each other. But if the piece of cloth should be the article sent out into the market of the world to procure the supply of gold, and, if it should, through any improvement in the process of manufacture, be made with the expenditure of, say, half a quarter of wheat, or equivalent commodities, and should yet command an ounce of gold in exchange, then gold would soon be brought back in such abundance as to cause an ounce of gold to exchange against half a quarter of wheat, or other equivalent commodities. Should paper-money, at the same time, be substituted for gold currency, that circumstance would not alter our case, as the *relative* exchangeable values of the commodities, wheat, cloth and gold, would still be respectively determined by the cost of producing or procuring them. If the paper

currency should be excessive in quantity, and, therefore, be depreciated in value, this depreciation will apply equally to all commodities, and the currency prices of wheat, cloth and gold would all rise in a direct ratio with the depreciation. The gold bullion prices of commodities, at different periods, would then become the tests by which to determine the value of gold relatively to other commodities.*

Such are the general principles that determine the value of gold as far as relates to the *supply* of that article; but its value is liable to be altered by particular causes, and this makes the question of deter-

* "An English manufacturer, by expending a bushel of wheat, or the price of it, is able to get a yard of cloth made, which he can export, and, in return, bring back five shillings, after paying his own expenses. England is, then, supplied with gold or silver at that rate. A Russian merchant has four bushels of wheat at Moscow, which he exports and sells, and, after paying all expenses, he finds that he brings back to Moscow five shillings. It is, therefore, necessary to export four bushels of wheat from Moscow, and one from England, or an equivalent value, to obtain an equal quantity of gold or silver—five shillings; that quantity will, consequently, exchange regularly, in the two countries, at those rates:—wheat will, in England, be 6s. a bushel, and in Moscow 1s. 3d.

"Should manufacturing skill and capital, in France, be such as to make it more advisable to export manufactures than wheat, and yet be so inferior to the skill and capital of the English as to make it necessary to expend two bushels of wheat in making a yard of cloth of equal quality, the consequence must be, that as the producer of gold would not give a higher price for the yard of French cloth than for the yard of English, five shillings, France would obtain her supply of gold after that rate, and in France wheat would sell at 2s. 6d. per bushel.

"Should England, by the invention of superior machinery, be enabled to make the yard of cloth with the expenditure of only three-fourths of a bushel of wheat, it would alter the terms upon which the supply of gold was obtained; and three-fourths of a bushel would then be equal to five shillings, or wheat would sell for 6s. 8d. per bushel. If the same cloth could be made for half a bushel, wheat would rise in money price to 10s. per bushel."—See my 'Economical Enquiries,' page 65, published by Hatchard in 1822.

mining the value of gold, compared with other commodities, more complex, and more difficult, especially when it relates to a short period of time.

A certain quantity, say 1000 millions of gold,* for instance, may, during a long course of time, have been accumulated from the quantities produced and furnished to the commercial world, and its average relative value, compared with wheat, might be, say, half an ounce of gold to a quarter of wheat, and to all other commodities in the same proportion. But let 1000 millions of paper-money be then thrown into circulation with and in addition to the gold, and the quantity of currency would evidently be doubled, and if other things remained unaltered, the exchangeable value of any part of the currency, gold or paper, would sink one half. In this case, although the gold is not increased in quantity, the paper, which is made to perform the same service as a currency, is so increased, and the effect on prices is precisely the same as if the gold itself had been suddenly doubled in quantity.† The currency price of every article, excepting gold, which had been made relatively so abundant by paper doing half its work, would now be doubled—wheat would sell for an ounce of gold instead of half an ounce, and every other article, excepting gold itself, would rise in currency or money price.

* Silver might be added, but as gold is the standard of value, it was considered unnecessary to name silver in addition to gold.

† Throughout the whole of this argument, when gold is spoken of, it is to be understood that only that portion of the gold which is used either as coin, to effect payments between individuals within the country, or as bullion, to balance the payments between different countries, is meant to be expressed. The portion of the metal used in gilding, or as trinkets or plate, may be omitted, as not belonging to the subject of currency.

But as gold would now exchange against not more than one half the commodities it did previously to the issue of paper, the producers of gold would no longer receive the same remuneration—their profits and wages, expressed in commodities, would sink one half, and they would soon cease to furnish any further supply. Gold, however, being durable, a cessation of supply might not, for a considerable time, materially affect the amount of the whole quantity in existence throughout the commercial world, and, therefore, the reduction in its exchangeable value, in consequence of the large quantities of paper-money used in conjunction with, and as a substitute for it, might continue for a long period.

How far the issue of paper, by various nations, increased the quantities of currency and decreased the value of gold, during the period of which we are treating, it is difficult to determine; but that it was not considerable may be concluded from the stationary prices of the principal articles of subsistence in those countries where the prices were the least affected by other causes than alterations in the value of the currency. Mr. Tooke, after quoting from Mr. Huskisson's pamphlet, in 1810, says, "from these considerations it would seem that a sum of from twelve to fifteen millions is an ample allowance for the quantity of gold which went from England to increase the mass of the precious metals in the rest of the world, and which, so far as it went, must have tended, *cæteris paribus*, to diminish their value." Tooke on high and low prices, vol. 1, p. 25. The amount appears to be understated.

But, whatever may have been the alterations in the value of gold, compared with commodities in the *general market* of the commercial world, there may have been

peculiar causes to alter its relative value in *particular* countries. It has been already stated, that in countries supplied with gold in exchange for other commodities, the value of gold will depend on the cost of *procuring* it. It may cost 5 quarters of wheat, or other commodities equal, in exchangeable value, to 5 quarters of wheat, to procure an ounce of gold in Siberia, and, consequently, an ounce of gold, in that part of the world, will exchange against, or sell for, 5 quarters of wheat, or other equivalent commodities. In the Crimea it may require 3 quarters of wheat, or equivalent commodities, to procure an ounce of gold, therefore 3 quarters of wheat, or equivalents, will exchange against it. In Poland, 2 quarters, or equivalents; in France, $1\frac{1}{2}$ quarters; and in Great Britain 1 quarter might procure an ounce of gold, and, in those countries respectively, the exchangeable value of the gold would be determined by the cost of procuring it.

The cost of gold may also alter from time to time, from particular causes, in each country. In Great Britain, in 1793, the cost of procuring an ounce was about $1\frac{1}{4}$ quarters of wheat, or equivalent commodities, the mean price of ordinary wheat being then 48s. 11d. per quarter. Wheat, however, was not itself exported at that time to procure the requisite supply of gold, manufactured goods having been the general exports. Suppose the commodity actually exported at that period, to procure gold, to have been cotton cloth, then cotton cloth, equal in price and exchangeable value to $1\frac{1}{4}$ quarters of wheat, would be exported in return for every ounce of gold obtained, and that ounce of gold would exchange against $1\frac{1}{4}$ quarters of wheat, or equivalent value in cloth or in any other commodity. The cotton cloth is considered equal in exchangeable

value to $1\frac{1}{2}$ quarters of wheat, or other equivalents, because it was necessary, in the then state of the country, and with the then known modes of manufacturing, to consume or expend such equivalents in obtaining the cotton cloth. But now let us suppose that, through the discovery and use of improved processes for making the cotton cloth, it can be equally well produced for 1 quarter of wheat, or other equivalents. We shall then find that the export of cotton cloth, and the import of gold, would be highly profitable, and gold would be imported in such abundance as to reduce its value, and at last to cause an ounce of gold to be made equal in exchangeable value with, not only the cloth, but the quarter of wheat, or the other equivalent commodities. When gold had been reduced in exchangeable value to this extent, the exporter of cotton cloth would not bring back gold in greater quantities than were sufficient to supply the ordinary consumption of the country, as any supply beyond that would not be profitable to him as an importer.

A proceeding similar to this which we have imagined, for the purpose of illustration, actually took place during the war, from 1793 to 1814. Within that period improvements were effected in the modes of producing many of those articles, which were exported to foreign countries—and these were, perhaps, most strikingly exhibited in the manufacture of cotton. An almost immediate effect of these improvements was a reduction in the cost of producing cotton fabrics, and, as they were articles much in demand in most of the great markets in the world, their prices did not, for some considerable time, fall as much as the cost of production had been reduced. A result was that gold was obtained at a smaller cost than it had been pre-

vously. At every successive improvement supplies of it were obtained at a smaller and smaller cost, and in greater abundance, and it, consequently, exchanged against fewer commodities, and prices, at last, settled at that rate which left the manufacturer and merchant only the ordinary rates of profit on their capitals. In this way the relative value of gold was lowered in Great Britain, or the general prices of commodities, as measured by gold bullion, were raised. Best wheat from 56s. 5d., its price on an average from 1783 to 1792, rose to an average of 109s. 4d.* of currency in the five years between 1808 and 1814, and other commodities, not produced by the improved modes of manufacture, rose in about the same degree. The depreciation of the currency at the latter period below its bullion value, say 20 per cent., being taken from the 109s. 4d., leaves it at 87s. 6d. in gold, and the difference between this price and 56s. 5d. may be taken as an approximation to the reduction of the exchangeable value of gold, arising from its being obtained at a smaller cost.†

* Marshall, see page 99. The prices are those of Lady-day and Michaelmas, at Eton.

† Some ambiguity arises out of the terms used to express increase and decrease of the quantities of currency, and the raising and lowering of its value. When the quantity of currency is increased from 40 to 60, as there is an increase of 50 upon 40, the previous stationary quantity, it is said to have been increased 50 per cent. in quantity; but its value is said to be reduced only 33½ per cent. because the same amount of money will then purchase two-thirds of what it did before the increase in its quantity. When the currency is reduced in quantity, say from 60 to 40, it is said to be reduced in quantity one-third, because the calculation is from the previously stationary quantity, and the reduction is only one-third of that quantity; but the value is now said to be increased 50 per cent. because the same quantity of currency will now command or purchase 50 per cent. more goods.

It certainly appears paradoxical to say, that gold was brought to this country in such abundance as to lower considerably its exchangeable value, when it is notorious that at that very time gold really left the country in large quantities, and towards the end of the period of which we are treating, there was, in fact, no gold currency remaining, paper money having entirely superseded it. But this seeming contradiction is only apparent—not real. It was for the purpose of shewing, in the most simple form possible, the effects of a reduction in the cost of procuring gold, on its exchangeable value in the country, that the presence or excessive issue of paper money was for a time left unnoticed. If there had been no paper money, the effect would have been such as described, and the issue of paper money does not alter the case as far as respects our present subject. An issue of paper money, considered by itself, merely displaces an equal amount of gold, which is thereby driven to, and distributed among, other nations, and, according to its quantity, it increases the whole amount of currency in the world, and so far lowers the value of each and every part, as already explained.* But the substitution of paper for gold in Great Britain did not prevent cheaply produced goods from determining gold to flow towards this country, in such abundance as to reduce its exchangeable value. If no

* Mr. Tooke, in his work on prices, vol. 1, sec. 5, examines, at considerable length, various statements which had been made by other parties, shewing that mercantile bills were occasionally issued in great abundance, and made to supply the place of money; and that various expedients were resorted to, to economise the use of money: but as all these had the same kind of effect on the currency that an additional issue of paper money would have had, the nature of those effects is really exhibited when we shew the results of issues of paper money.

paper had been issued the gold currency itself would have been abundant, and prices would have risen;—and, as paper money was issued, the determination of gold towards this country allowed a larger amount of paper money to be issued before the prices of paper and gold separated than could have been done, if there had been no such strong determination of the gold. Previously to the use of the improved modes of producing our exports, the whole amount of the currency may, for the purposes of illustration, be assumed to have been 40 millions of gold,* and when the full effect of the cheap supply of gold had been experienced, by having it coined, and thus converted into money, the amount of currency might have been, say 60 millions, and the general prices of articles not produced by the improved modes would rise proportionally. Under these new circumstances 60 millions might be considered the natural amount of our currency. But paper might now be issued to the amount of 1 million, making the whole currency 61 millions, and as we assume 60 to be now the natural amount, there would be a small excess in the whole quantity. And, as gold had a value in other countries whilst paper had not, the super-abundant million would leave the country in gold. As the gold was thus driven out by the paper, more paper might be issued, and this process might be continued until 40 millions of paper and 20 millions of gold were in circulation. Now this 20 may be said to have been brought into the country by the exports of cheap goods, notwithstanding the issue of paper had driven and kept 40 millions of gold out of the country,

* Gold and silver would be more correct, but it is unnecessary to use the two words.

at the very time that the exports were determining the import of gold so strongly as to keep this 20 millions of gold currency in it. Paper might be further issued until it reached, say, 50 millions, and drove out 10 millions more of gold, and there would still be no difference of prices between paper and gold to show a material depreciation of the paper. But had not cheap exports determined gold so strongly towards this country as to increase the whole currency to more than 40 millions, issuing paper to the amount of 50 millions would have caused a separation of gold and paper prices. Paper to the amount of 60 millions might, in like manner, be issued, without any material depreciation, gold leaving the country just as fast as the paper was issued. But had it not been for the counter tendency of gold to flow back, caused by the export of cheap commodities, the issue of these 60 millions of paper would have depreciated it one third; 40 being presumed to have been the natural amount of the currency before the export of the cheap manufactures. Previously to obtaining the greater command over the gold, the determination or tendency of that metal towards this country was only strong enough to keep up the currency to 40 millions, but after that command was obtained, the determination or tendency was equally capable of keeping it up to 60 millions. And whether that 60 millions was gold, or a mixture of gold and paper, or wholly of paper, there would be no separation of the value of gold from paper. An ounce of gold bullion would exchange against £3. 17s. 10½d. of currency, as well as against cloth, or wheat, or other commodities of equal value with that amount of currency, whatever might be the material of which it was formed; because the ounce of gold

had been brought into the country in exchange for the cloth which cost £3. 17s. 10½d. of the currency. The tendency of gold to flow towards this country, as a consequence of cheap exports, while it was really driven out by issues of paper money, was, therefore, not without its effect on the value and amount of the currency for some time *before the currency became depreciated*, through the issue of an excessive quantity of paper. If, at this stage of the issue, the export of cheap goods could have been suspended, and gold, consequently, no longer have been strongly determined towards this country, a separation between the values of gold and paper would have taken place, although the amount of paper in circulation had continued unaltered.

The continued export of cheap goods may be conceived to have resembled the action of a forcing pump of some given power, by the working of which gold was determined to flow so strongly towards this country, as to have kept the currency up to a certain degree of fullness or height, whether that currency was formed of gold, or gold and paper, or of paper alone. When the currency was raised to the highest level that this pump could raise it, no more gold would flow in, and the currency could not be increased beyond this point without suffering depreciation. Let, however, this pump cease to work with equal force, and if the currency consisted, in part, of paper, and, in part, of gold, a portion of that gold would flow out of the country, the currency would be reduced in quantity, its value would be increased, and the general range of prices would subside to a lower level; but if the currency was wholly of paper, none of it would flow out of the country, and, as gold would not now be determined so strongly

to flow towards this country, the pressure or force of supply would be reduced, and gold bullion would become scarcer; gold would rise in value, and separate from paper; paper would be *depreciated*, and continue so until either the quantity of paper was reduced, or the stronger determination of gold towards the country was restored.

The continued import of commodities may be considered a counteracting force or pump, which tends to draw gold out of the country; and some equilibrium is, in time, established between these antagonist forces, and some level of retained supply of gold is the general result. Under extraordinary circumstances this equilibrium is disturbed, and the ordinary level of supply is altered. The very bad harvests of the years 1799 and 1800 caused an import of grain, in the years 1800 and 1801, to the amount of £13,500,000.—the imports of grain, for the eight preceding years, having been, on an average, only to the amount of £1,387,500. a year. Now these unusually large imports of grain, added to the ordinary imports of other commodities, proved too strong an antagonist force for the exports of those years, and gold, consequently, flowed *from the country* at that period. A separation then took place between the exchangeable values of gold bullion and currency, and gold bullion rose in value compared with other commodities:—an ounce of gold then commanded £4. 5s. of currency, or commodities equal in value to £4. 5s. of currency. This, however, was only the temporary effect of large importations of grain in those two years. As goods for export could still be produced with little labour, while they commanded high *prices* in the general markets of the world, their export soon forced the gold to flow back towards this country; and,

in 1803, the price of gold fell to £4. the level at which it remained for years. The increase in the export of goods, to bring it to this level, may be traced through the years 1799, 1800, 1801, and 1802, the exports having been, in official value,

In the year 1798*	£19,672,503.
„ 1799	24,084,213.
„ 1800	24,304,284.
„ 1801	25,719,980.
„ 1802	27,012,108.
„ 1803	22,252,102.

The peace, which took place in 1802, had probably some influence in increasing the exports; but the increase commenced some time before the peace, and the full effect of it, on the value of gold, was not produced until 1803, as the average price of gold, in 1802, was £4. 4s. per ounce.

The tendency of gold to flow into the country, in 1803, did not, however, lower its value quite equal to the value of the then existing currency. Bank of England notes to the amount of £17,035,959. together with country bank notes, and bills, seem to have depreciated the currency to a little below the level at which it would have settled if it had been left to be determined solely by the influx of gold; as it was, gold kept above the value of the currency to the extent of the difference between £3. 17s. 10½d. and £4. the former sum in gold being equal to the latter in currency. This difference would present some (though not a very strong) inducement to the melting or exporting of the coin; but the increase of bank notes, from 1803 to 1809, appears to have been sufficient to supply the place of the coin thus

* Marshall, page 48.

melted or exported, as the price of gold remained steady during this period. The practice of the bank of England probably assisted in keeping the price steady, as they received gold at £4. an ounce; but if they had not done this, the exchanges shew that the prices would have fluctuated about that point. If any alteration took place, at this time, in the power of the exports to procure gold, it must have been balanced by issues or withdrawals of paper of some description.

But paper money was at last issued to such an extent as to reduce the value of the currency much below the rate at which gold could be obtained, and then a wider separation took place between the values of the gold and the paper. This proceeded to such an extent that, in 1813, it required as much as £5. 10s. of paper money to procure an ounce of gold, and, of course, to procure commodities, cloth or other articles, equivalent to an ounce of gold. The currency was now reduced in value from two different causes operating at the same time;—one reduced the exchangeable value of gold, and the other depreciated the paper below this reduced value of gold. The depreciation of the paper we have taken to have been, for some time before and in 1813, 20 per cent. To what further extent the gold was reduced in value cannot be determined with precision; but, as we shall see hereafter, the range of prices of commodities of the greatest aggregate value, and in the most general use at the time, compared with their prices before and since, authorizes us to suppose that it might be, at least, 30 per cent. If this supposition is correct, the reduction in the value of the currency, from both the causes, was, at least, 50 per cent.!

The value of gold, compared with that of other commodities, being determined by the cost of producing or

procuring it, it follows that, if the power of procuring it for any country, from the general market of the world, varies from time to time, the exchangeable value of gold itself will also vary in that country. It may require, at one time, say 40 days' labour to produce articles which, in the gold market (the general market of the commercial world), will procure an ounce of gold; and then an ounce, at home, would exchange against, or pay for 40 days' labour, or the produce of 40 days' labour. If, by improvements in the modes of producing the same article, it could be produced with 30 days' labour, gold would soon be brought into the country in such quantities as would, at last, cause an ounce of gold to exchange against, or pay for, only 30 days' labour, or the produce of 30 days' labour. Improvement continuing, the same article might be produced, say by 20 days' labour, when the ounce of gold would, in no long time, pay for not more than 20 days' labour, or the produce of those 20 days' labour;—the condition necessary to the full accomplishment of this process being, that the market shall be sufficiently extensive to take off all the goods made by the improved modes, without any reduction of their selling prices in foreign countries, as the same article, though made with only half the labour, must continue to command the same gold prices. A great influx of gold would be the necessary result of these operations, and when they had caused gold to become so plentiful as just to double the money prices of both goods and labour, the capitalists, who were the makers of the articles by the improved modes, would be in precisely the same situation as before the improvement. Before that event took place, they had to pay, for 40 days' labour, a certain quantity of gold; and, after that event, they

would have to pay, for 20 days' labour, the same quantity of gold; so that the effect of the improvement, as far as respects our present enquiry, would be merely to reduce the exchangeable value of gold one half. In practice, many modifying causes would come into operation to prevent the effect being precisely what has been described; but, though modified to a certain extent, the effect would be substantially produced, and the nature of the process is best exhibited by placing it in the most simple light.

The working of the causes which lowered the value of gold may be conceived to have been in the following way:—A cotton manufacturer had produced an article which required, say 40 days' labour, and for producing which he had to pay the wages of 40 days' labour, at 1s. 6d. per day, or, in all, 60s. This article he exported, and obtained for it an ounce of gold, which was a return of 77s. 10½d.; thus getting 17s. 10½d. profit, which we presume to have been the ordinary profit on such transactions. While the supply of gold was obtained on those terms, it had a certain rate of exchangeable value in the country, which gave 1s. 6d. per day as ordinary wages, and the prices of all other things were in accordance with that rate. But suppose this manufacturer discovers a mode by which he can produce the same article with 30 days' labour, he will then, in producing it, have to pay for only 30 days' labour, and the article would cost him only 45s. When he exports this, and brings back his ounce of gold of the value of £3. 17s. 10½d. he finds that, instead of 17s. 10½d. the ordinary profit, he now has 32s. 10½d.! His business being thus extremely profitable, he would naturally use a large part of his high profits in extending that business; and supposing, for a moment, the supply of

labour to be ample, he would, in no long time, make his trade one of great magnitude. Here, then, according to the principles already laid down, we should soon have a stream of gold flowing into the country, increasing in magnitude in some ratio of progression.—But what use would be made of this gold? The first effect of such an influx would be to lower the value of gold bullion, in the country, sufficiently to make it profitable to have the bullion converted into coin. The bullion having fallen in price to this point, a part of it would be sent to the mint, and, being there converted into coin, it would be used as any other coin—put into circulation—and would be so much added to the previous amount of currency. As more bullion was imported, more would undergo the same process, and thus the quantity of money in circulation would be increased, and general money prices be raised. This rise of money prices would be a rise of the general prices of commodities, and of labour, and, of course, of that particular labour employed in the manufacture of the article exported. As money prices thus increased, the profits of the manufacturing capitalist would be reduced; and when prices had risen so much as to cause 2s. to be paid for a day's labour, he would be in just the same situation as he was in prior to the improvement. He would now have to pay, for 30 days' labour, at 2s. a day, just 60s. and his profits would sink to the old rate, 17s. 10½d. on the transaction. Another step might be made in the career of improvement, which should enable the same article to be made with, say 20 days' labour, and the same course might be gone through until it required 3s. a day to be paid for labour, when that improvement also would have produced its maximum effect on the quantity of currency and prices. In this way improvements

may be conceived to be made in the articles exported, and money prices consequently raised, without any other alterations in the state of the country than those produced by the particular improvements themselves.

Such would be the course of circumstances, *provided*, as supposed, that the supply of labour was ample; in the department in which the improvement was made; but that is seldom, perhaps, never the case. When that supply could not be as rapidly increased as capital could be augmented by the high profits, the labourers engaged in that department, or in any preparatory or finishing portion of that department, would soon participate in the benefit of the improvement, by having an advanced rate of wages. Previously to the influx of gold having any material effect on general money prices, the demand for labour, skilled to work in that particular department, might raise its price from 1s. 6d. to, say, 1s. 9d. a day, and this rise of wages would check the extension of the manufacture, as the means of extension in the hands of the master would be less, the benefit arising from the improvement having now to be divided between the master and workmen, instead of being left entirely with the master. Wages, however, being in this department higher than in others, other labourers would endeavour to qualify themselves for this employment, and to participate in the higher wages. A competition would thus commence, which would not entirely terminate until wages had been equalized in all the different kinds of employment. This partial rise of wages would, however, only *check* the extension;—it would *retard* it, but would not prevent the same end being attained in a longer time. For, the profitable export, and the consequent influx of gold, would continue until the rise in money

prices obliged the master to give as much gold for producing the article as would, out of his return, leave him only an ordinary profit.*

Every successive step in the career of improvement is attended with the same kind of consequences. The master first gets his higher profits, and he then extends his business; the skilful workmen then require, and obtain, higher money wages; other workmen endeavour to get a share of these higher wages, and, at last, by their competition, equalize the rate in different employments.

While this process is going on, the return of gold for the article exported is increasing the quantity of currency, and lowering its exchangeable value; and the result of each improvement, as far as respects our present argument, is, in a shorter or a longer time, attained, when the improvement has produced its full effect on the import of gold, the increase of the currency, and the rise of money prices. Then, and not until then, the master (the capitalist) will have to pay for labour, so much gold as will leave him only common profit on the amount he procures in return. He will then have no more profit in bringing back gold, than in bringing back any other commodity, and it would be brought in quantity only just sufficient to meet the ordinary consumption, or wear and tear, as it is sometimes called. If more than

* When an article is exported, it is commonly sold for so much of the money of the foreign country; and, as far as exporting goes, that is the end of the commercial transaction, and the money may be brought back, and increase the stock at home: but if the exporter chooses to add the character of importer, by purchasing goods for importation with the money, or if he chooses to buy a bill of an importer into the foreign country, that is another transaction, and one which he will not have recourse to unless it affords him an additional advantage.

this were brought, money wages would rise high enough to put a stop to the further export of the article, seeing that then it would become a losing trade. The only permanent results which are at last left are, a greater abundance of gold in circulation, and a general rise in money prices.

This was the kind of operation that was in progress during the war. Improvements, particularly in the cotton manufacture, first raised the profits of the master manufacturers, these extended their business, and, in so doing, were obliged to pay higher wages, those higher wages brought labour from other parts, and the competition of the old and new labourers checked the advance of wages. In this way, the manufacture proceeded progressively, at every step causing a flow of gold towards the country, with greater or less force, increasing the natural quantity of currency, and raising the general rate of money prices. This rise was entirely distinct from any issue of paper, which was superadded to, and independent of, the influx of gold towards this country, and should be treated of separately, and on its own merits or demerits.

The exports of a country being made up of those articles which are produced in it with the greatest comparative facility, when they are increased, the greatest increase is almost always in those articles in the production of which the people have the greatest advantage over the rest of the world; but when those goods are pressed on foreign markets in too great abundance, and *their prices fall*, they command less gold in exchange, and less gold is brought back for them. The fall of price may proceed so far as, at last, to cause the goods to command a quantity of gold reduced, as much as the improved mode had reduced

the time requisite to fabricate the goods; and the whole effect then left would be a reduction in the cost to the foreign consumer. But before this final result arrived, the exports would cause a great influx of gold, and a general rise in the gold prices of goods produced in a less improved way, and a still greater rise in those produced in an unimproved way. Now, if any of these latter articles continued to be exported, the declared value or price of *them*, compared with their quantities, would be higher, while the declared value of the articles produced, in a greatly improved way, compared with their quantities, would be lower. The whole of the the exports being made up partly of one and partly of the other of these kinds of goods, the one *might* balance the other, and the declared value preserve an unaltered relation to the official value, *or* either the one or the other of those kinds of goods might preponderate; and the improved articles doing so, the declared value might decline, compared with the official.

In this way, in fact, the rapidly progressive increase in the exports of cotton goods, by partially glutting foreign markets, lowered their prices, while, at the same time, the returns in gold for those goods raised the home prices of all other articles, and checked their export. The fall in the prices of the one class, and the rise in the other, variously affected the declared and official values of the exports, sometimes the influence of the one and sometimes of the other preponderating.

From these considerations it becomes apparent, that a great improvement in the modes of producing any article in extensive demand throughout the commercial world, may not only alter general money prices, but may also cause a revolution in the foreign commerce of a country. If, at one time, money prices were at

Effect of
improvements on
wheat
made.

such a range as enabled wheat to be produced and sold at 45s. per quarter in England, it might have been advantageous to export it to another country, such as Spain, provided it would there command, say, 60s. per quarter: 10s. per quarter being considered sufficient to pay all costs attending the conveyance.* But let improvements be effected, such as those which have been made in the cotton manufacture, and a consequent influx of gold take place, and, independently of any alteration in the relative situations of landlords, farmers, and their labourers, the prices of wheat might rise to 50s. 60s. or 80s. per quarter, and thus an entire stop be put to the export of wheat. The same kind of statement and reasoning will apply to any and every other article exported, the means of producing which had not been improved, or which had been improved only in an inferior degree.

Cotton goods have been produced by means more improved than others, and have taken the lead as exports. They may, therefore, be said to have determined the influx of gold and its exchangeable value, at the period under consideration; although other articles were produced by means so much improved as enabled them to follow cottons. The steam engine has been the great instrument of improvement in the woollen, and even in the silk and linen, manufactures, as well as in the production and working up of the metals. Had not improvements been made in these branches, cotton goods would have taken a still more decided lead among the exports than they have done. If the money prices of the products of Leeds, Sheffield,

* Up to about the year 1764, England generally exported grain, and in that year exported of wheat and barley 643,749 quarters. After that time the imports of grain preponderated, and that to so great an extent as to shew that some other exported article was superseding grain.

and Birmingham, had been increased 30 or 40 per cent., their exportation would have been checked, and might, indeed, have been destroyed by the improvements in the cotton manufacture.

From the year 1781 to 1790 the average annual importation of cotton wool was about 18 millions of lbs. weight; from which it rose, in the following ten years, to an average of about 32 millions of lbs. In the next ten years, which terminated with, and included, 1811, the average annual quantity was above 81 millions of lbs: making, in twenty years, an increase in the annual import equal to three and a half times its previous quantity.

The increase in the number of people employed in working up this raw material is not exactly known, but it is certain that it was not nearly as great as in the quantity of the material worked up; although an increased proportion of that material was used in the manufacture of fine and costly fabrics. Manchester is the capital and centre of the English cotton manufacturing district, and the population of that town may be presumed to have kept pace with the population engaged in the cotton manufacture. In the year 1773, Manchester and Salford, which form one town, were ascertained, by survey, to have a population of 27,246 inhabitants. In the year 1788 Manchester contained 42,821, and Salford 7,560 inhabitants, making a total of 50,381. In 1791 the christenings were 2,960, and the burials 2,286, which (says Aikin, from whose work the above returns are taken), are calculated to give from 65 to 74,000 inhabitants.

When the censuses of 1801 and 1811 were taken, the town had spread into adjoining townships, and the returns of the population were as follows:—

	In 1801.	In 1811.
Manchester.....	70,409	79,459
Salford	13,611	19,114
Ardwick	1,762	2,763
Chorlton	675	2,581
Hulme.....	1,677	3,081
Cheetham	752	1,170
Broughton	866	825
Pendleton	3,611	4,805
Total.....	93,363	113,798

Taking 70,000 as nearly a mean of Aikin's account of the population in 1791, we shall have an increase of 43,798 in twenty years, and allowing the odd 3,798 for the population of the adjoining townships in 1791, of which there are no accounts, they being then deemed too insignificant to notice, we shall have an increase of 40 thousand upon 70 thousand in the 20 years. Thus, while the working up of the raw material increased to four and a half times its amount in 20 years, the increase in the number of people, in the principal seat of the trade, was not more than four-sevenths, shewing a great increase in the productive power, or the power of working up the material, in that population.

The increase in the population of the county of Lancaster from 1801 to 1811, according to the census returns, does not materially differ from the increase in the whole town of Manchester. The number for the county in 1801 was 672,731, and in 1811, 828,309, being an increase of nearly one-fourth in 10 years. The following table will also shew the increase in the places named, where the cotton manufacture flourished :—

	In 1801.	In 1811.
Bolton, Great and Little.....	17,416	24,149
Blackburn	11,980	15,083
Oldham	12,024	16,690
Preston	11,887	17,065
Stockport	18,598	22,777
Total.....	71,905	95,764

being an increase, in the 10 years, of one-third of the number in 1801. From these data it may be presumed that the population in the general seat of the cotton manufacture increased, in the 20 years named, not more than two-thirds, while the material worked up increased to four and a half times the quantity, shewing a great increase in the power of working up the material. That increase is here, it is to be observed, estimated on the whole population, but it should be remembered, that a large part of the population was engaged in other ordinary employments, and, therefore, the increase in the productive power of those actually engaged in working in the improved ways must have been very great to exhibit such a result in 20 years, computed on the whole population.

It was about the year 1790, that what may truly be called the present system of manufacturing cotton commenced. Mr. Kennedy, in a paper published in the *Memoirs of the Literary and Philosophical Society of Manchester*, vol. 3, says, "Before the year 1790 the mules (spinning machines) were turned by hand, and were confined chiefly to the garrets of cottages. About that time, Mr. Kelley, of Lanark, first turned them by machinery; and, at the same period, Mr. Watts' steam engine began to be understood, and introduced

ist
cleaning
machine.

into this part of the kingdom (Lancashire), and it was applied to the turning of various machines. The application of the steam engine to this purpose, produced another great change in this branch of the trade. The mules were removed from the cottages to factories—were constructed more substantially, and upon better mechanical principles, and produced yarn of a more uniform quality, and at less expence. The fine fabrics made of the yarn spun upon these mules surpassed in beauty and cheapness everything that had been produced before, and the demand for them was, consequently, great.” “In the year 1797, a new machine for cleaning cotton was made by Mr. Snodgrass, and used at Johnston, near Paisley. This is called a scutching or blowing machine. Its merits were but little known until 1808 or 1809, when it was introduced into Manchester. It is now, generally, adopted for cleaning cotton. The labour of that operation, formerly performed by women, in a most fatiguing manner, has been reduced by this machine to about one-twentieth of what it used to be.” “It should be recollected that thousands of ingenious contrivances have been tried and laid aside, before spinning machines were brought to their present state of perfection (in 1815.) I may observe, however, that their united effects amount to this, that the labour of one person, aided by them, can now produce as much yarn, in a given time, as 200 could have produced 50 years ago.” Prior to 1803 power-looms had been invented, and “made good cloth, but so much time was lost in dressing the warp in the loom, that, on the whole, they possessed no advantage over the common loom. In that year Mr. Johnson invented a machine for warping and dressing warps, preparatory to weaving, by which

this operation is performed much better and cheaper than it can possibly be done by hand. This is a great advantage to power-looms, for without it they never could have been made practically useful, and, during the last 10 years (from 1805 to 1815), some large manufactories of this kind have been established, first in Scotland, and afterwards in England. Several improvements in the construction of power-looms have lately been brought forward, and some of them appear to have important advantages over any other construction that has hitherto been in use." "By these means, cotton fabrics have been produced of such variety and usefulness as to be sought after by the people of every climate, and of every stage of civilization."

From this account by Mr. Kennedy, who had ample means of becoming acquainted with what he has described, we may see how a population which, on the whole number, increased not more than two-thirds, were able, at the end of 20 years, to work up $4\frac{1}{2}$ times the quantity of raw material. The improvements were principally in spinning, but these improvements, in addition to enabling one person to produce 200 times as much yarn as he could 50 years before, caused the yarn to be made so much better and stronger, as enabled the weaver to weave, with equal ease, more cloth in the same time, the threads not breaking so often as with the hand-spun yarn.

Now it is very clear that these cotton fabrics, which were "sought after by the people of every climate, and every stage of civilization," if they had continued to command the same prices in foreign markets, would have commanded, or sold for, quantities of money (gold) progressively increasing, as compared with the quantities of labour employed in their production.

A piece of cloth was produced in, say 6 days, which had before required, say 12 days, and, in succession, 11, 9, and 7, until it came to 6 days; and, if it had sold for the same money abroad, 6 days would have procured as much gold as 12 days had done previously; and, this operation being continued, and the trade being of sufficient magnitude, gold would be brought into the country, or, if kept out by paper money, would be disposed to flow into the country to such an extent as would, at last, make double the quantity of gold equal to only the same quantity of labour, and to other articles produced with the same quantities of labour. In other words, gold would have come into the country in such abundance, as to cause the money prices of labour, and of all articles produced in an unimproved way, to be doubled. But this effect was prevented from immediately taking place in two ways, first, by an advance of wages, and, secondly, by a fall in the selling price of the article.

Mr. Kennedy, when speaking of the early progress of the cotton manufacture, says, "The people, being placed in a new situation, having food better in quality, and in greater abundance, and the means of increasing almost all their other comforts, began to feel their independence, acquired new wants, and endeavoured to gratify those wants, each according to his taste. A desire for better dwellings, as well as a demand for a greater number of them, became general."... "With the advance of wages their dissipation increased." And, when speaking of the introduction of the large factory system, he observes, "Being obliged to be more regular in their attendance at their work, they became more orderly in their conduct, spent less time at the alehouse, and lived better at home. For

some years they have been gradually improving in their domestic comforts and conveniences."

The improvements in spinning, by making the yarn stronger, and causing it to break less while weaving, enabled the weaver to make more cloth in the same time, yet, from an account published in the Lords' report of 1814, already quoted, it appears that the money price paid for weaving a piece of cloth, considerably increased after the unfavourable year 1793, it being in that year 6s. In 1797 it rose to 7s. 6d. in 1800 to 8s. and in 1802 to 10s. Thus, though the improvements were principally in the spinning department, the consequent increased demand for weavers raised their wages, and that rise checked the extension of the trade.

But the high wages tempted others into the business, and then a reduction of price took place. Mr. Kennedy, speaking of the period about 1770, says, "During this time there was little to disturb the continent of Europe. Their (the Lancashire cotton manufacturers) improvements could scarcely keep pace with the increased demand for manufactures, and, of course, there was *but little* diminution in their price." But there appears to have been *some* diminution in the price so early as about 1770. The increase of the population, and of the quantity of cotton consumed, mark the extension of the manufacture, and, with the extension of the manufacture, the selling prices declined; but successive improvements proceeded so rapidly as to counteract the effect on wages, of the decline in price, and to cause wages to rise as we have seen, while the rise of wages checked the power of extension. If the rise of wages, in this department, was to double the ordinary rate, it would be necessary that the improvement should be sufficient to cause more than twice the quantity of goods to be pro-

duced in the same time, or the exporters would have only common profit; but the improvements were of this magnitude, and were sufficient to enable the exporters to sell at a reduced price and to retain large profits, although high wages had to be paid.

About the period of the commencement of the revolutionary war, the export of these goods became of sufficient magnitude to affect the value of the currency, and, if bank notes had not been issued more freely in the progress of that war, gold must have flowed into the country, from the rest of the commercial world, and the money prices of all commodities, not produced in an improved way, would have been raised precisely as the gold or bullion prices actually were, and those high prices would have continued until the fall in the selling prices of the exports became greater than the new improvements in the means of producing them.

The following table shews progressive alterations in the prices of some yarns. It was furnished to me from one of the oldest and largest spinning establishments in Manchester. Those of 1820 and 1831 are given for the sake of the comparative view, although it is anticipating what will have to be treated of hereafter.

Table of the Prices of Mule Twist per pound, first quality.

<i>Fineness.</i>	1799. Aug. <i>Cops.</i>	1799. Oct. <i>Cops.</i>	1800. May. <i>Bundles.</i>	1800. Sept. <i>Bundles.</i>	1801. Jan. <i>Bundles.</i>	1820. August. <i>Bundles.</i>	1831. Sept. <i>Bundles.</i>
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
No. 60....	7 4	6 6	5 2	5 3	4 9	2 7	2 1½
70....	8 2	7 4	6 0	6 1	5 7	3 5	2 6½
80....	9 0	8 2	6 10	6 11	6 5	4 3	2 11½
90....	9 10	9 0	7 8	7 9	7 3	5 0	3 5½
100....	10 8	9 10	8 6	8 7	8 1	5 6	3 11½
Raw Cotton	2 8½	2 8½	2 3½	2 3½	2 3½	0 11½	0 10*

* The prices of raw cotton, excepting the price for 1831, are those of West India, including Surinam and Berbice, and are taken from Tooke.

GREAT BRITAIN, &c.

CHAP. V.

FROM 1808 TO 1814.

EFFECTS OF SEASONS ON THE PRICES OF FOOD.—RISE IN PRICES AND FALL IN THE VALUE OF GOLD.—EFFECTS ON FARMERS AND THEIR LABOURERS.—NUMBER OF INCLOSURE BILLS.—IMPORTS OF GRAIN.—COMMERCE IN PEACE AND IN WAR.—OFFICIAL AND REAL VALUES OF THE EXPORTS.—BANK NOTES AND PRICES OF GOLD.—TWO-FOLD REDUCTION IN THE VALUE OF MONEY.—THE RATE OF PROFIT.—DECEPTIVE AND INJURIOUS LOANS.—GOLD SUPPLANTED BY PAPER MONEY.—CIRCULATION.—THE SINKING FUND.—RECAPITULATION.—FAVORABLE AND INJURIOUS CAUSES IN OPERATION.—ANALYSIS OF THE CONDITION OF DIFFERENT CLASSES.—DECLINE IN THAT OF THE LABOURING CLASS.—INCREASE OF LONDON, BRIGHTON, AND OTHER PLACES.

—00—

MR. TOOKE has attempted to shew that the high bullion, as well as currency, prices of wheat, during the latter years of the war, were caused by a series of bad harvests; but the evidence he brings forward is of a very vague character, and when the causes here pointed out are sufficient to account for all (or nearly all) the advance, it is unnecessary to have recourse, as he has done, to a supposition that bad harvests *must* have been the cause of high bullion prices. In vol. 2, page 5, he says, "If this opinion of the recurrence of bad

seasons, at nearly equi-distant periods, or of the aggregate produce of any four or five years being equal to that of any other four or five years, or rather, in the same proportion to the population, be admitted to be correct, the conclusion might naturally be, that no part of the great difference in the average price of corn, during the twenty years ending in 1813, could be referred to bad seasons. And certainly, if this conclusion was well founded, *there would be no alternative* but to seek in the circumstances affecting the value of the currency (the issue of paper), or in the war, and in the transition from war to peace, for the whole of the fluctuation." Here Mr. Tooke, having, in his first volume, shewn that the causes last named were *not* sufficient to account for the fluctuation, sets to work to prove that variations in the seasons were the cause. He does this evidently because he thinks that, if the seasons are not the cause, there is no alternative but in the others named, and, having a great number of facts relative to the seasons, and their effects, to select from, he makes out a plausible case; but, in doing so, he apparently overlooks what he had previously spoken of, and given in a quotation from the Lords' report of 1814,—that there had been an application of great additional capital to the land; and this ought, by him, to have been considered as counter-acting, to a great extent, the effects of bad seasons, in bad years, as well as increasing the produce in good years. Further, it is well known that people are disposed to take high prices as, of themselves, evidence of the badness of the season; and, when prices have been really raised by another cause, operating unseen, a season, which would otherwise have been considered a moderately good one, is soon said to have been bad. Now the existence of the general opinion, that bank

notes were the cause of the long continued high prices, at which Mr. Tooke expresses so much surprise, proves most certainly that, at the time, the badness of the seasons was not considered an adequate cause. It may, however, be, that the effects of the particular seasons, pointed out by him, might raise the bullion prices higher than they otherwise would have reached ; but this rise was only super-added to the general advance which resulted from the reduced exchangeable value of gold.*

Tooke says, in vol. 1, page 131, "The fall in agricultural produce, which had commenced in the autumn of 1812, became more decided after the harvest of 1813, which proved to be very abundant. It was this decidedly favourable season which developed the full effects of the encouragement that had been held out, by the long previous range of high prices, to the application of great additional capitals to the land. The extent to which that encouragement had operated, is stated by the committee on the corn laws, in 1814, (Report, page 3,) in the following terms :—' It appears to your committee to be established by all the evidence, that, within the last 20 years, a very rapid and extensive progress has been made in the agriculture of the United Kingdom :—that great additional capitals have been skilfully and successfully applied, not only to the improved management of lands already in tillage, but also to the converting of large tracts of inferior pasture into productive arable, and the reclaiming and inclosing of fens, commons, and wastes, which have been brought into cultivation.'" An admirable description of the effects produced by the alteration in the exchangeable value of gold, added to the depreciation of

* The continental prices did not rise with the British.

paper, on the condition and means of the farmers; but not calculated to countenance Mr. Tooke's opinion, that the high prices were the consequences of a deficient supply of landed produce.

It is not easy to determine the exact value of gold as compared with the mass of other commodities, because there are so many fluctuating elements to be taken into the calculation. The ordinary way is to compare the relative exchangeable values of gold and other commodities, but more particularly of food, at different periods. But food itself, we have seen, is liable to have its exchangeable value, as compared with all other commodities, altered by its degree of scarcity; and this is more decidedly the case, if the comparison is made between short periods, as from year to year. Taking the averages for considerable periods, and making such corrections as known facts will justify, seems to be the best way of approximating to the truth; and there being no preferable mode of proceeding, we have only to make the best use we can of this.

The average gold prices of best wheat per quarter, at the periods named, were,

From 1783 to 1792, both inclusive,	½ quarter,	56s. 5d.
1793 to 1802,	„ „	72s. 2½d.
1803 to 1812,	„ „	85s. 10d.*

From this table it appears that the average price of best wheat, for the ten years, from 1793 to 1802, was 72s. 2½d. per quarter, while the average, for the ten preceding years, was only 56s. 5d. per quarter, being an advance of 15s. 9½d. on 56s. 5d. or more than 28 per cent. That is, in the period from 1783 to 1792, the

* Marshall, page 99. The prices are those of Lady-day and Michaelmas, for best wheat. I have no account of the prices of medium quality so far back as 1783.

same quantity of gold would have exchanged against 28 per cent. more of wheat, than in the period from 1793 to 1802, and gold was, consequently, reduced in its value, relatively to wheat, 28 per cent.

But it is maintained that, from 1793 to 1812, a succession of bad harvests altered the price of wheat, while gold retained the same general exchangeable value, compared with other commodities; and, therefore, that it was wheat and not gold that altered. To this it may be replied, that the money power of purchasing corn is limited by the means of the purchasers, the great mass of whom are poor. A single bad harvest may, for a year, strip those purchasers of more of their means of paying than can be annually obtained from them; but their ability to give the same price next year would be thereby reduced; and, if we suppose a third year, with a bad harvest, they would, probably, not only be incapable of paying an advance, but even of paying the old price, and prices would, consequently, sink to the level of their diminished means of paying. Let these bad harvests continue, and the country would approximate to the state of those countries which regularly produce very scanty crops, and where, consequently, what may be called bad harvests alone can be obtained. But in these countries uniformly bad harvests do not cause the money prices of food to be high, because those who buy the food cannot pay the high prices. In these parts, as well as in others more favoured by nature, the money prices, during a sufficiently long period, take their range according to the ordinary means possessed of paying them. If more be taken in one year, or in two years, less will be paid afterwards, and thus the average price will be the same as if the price had not varied.

It may, indeed, be supposed that, when wheat is scarce, more of the money in circulation in the country will be regularly employed in buying wheat, and less in buying other things. But, admitting this to be possible to some extent, how does the supposition agree with the recorded prices of other things at the time? The following is a table of the currency prices of Irish mess beef, common iron, and tin, from 1790 to 1802, to which are added the average prices of wheat, of medium quality, that the relative prices of all may be seen at once.

	<i>Beef pr. tierce.</i>		<i>Iron.</i>		<i>Tin.</i>		<i>Wheat.</i>	
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>s.</i>	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
In 1790..	74	0*	60	to 140*	77	0*	46	0†
1791..	75	0	110	to 150	81	6	47	2
1792..	73	6	100	to 150	98	0	42	11
1793..	92	6	100	to 150	104	6	48	11
1794..	103	0	100	to 150	102	0	51	8
1795..	96	0	100	to 160	100	0	74	2
1796..	110	0	100	to 160	102	0	77	1
1797..	126	3	100	to 160	102	6	53	1
1798..	132	10	100	to 160	100	2	50	3
1799..	117	9	100	to 160	103	0	67	6
1800..	122	6	110	to 180	107	0	113	7
1801..	117	6	110	to 180	110	9	118	3
1802..	123	9	110	to 180	114	6	67	5

From an inspection of this table it will appear, that there were fluctuations in the relative values of these articles, arising, doubtless, from particular causes, such as variations in the supply and demand, which operated on the temporary market prices, but on the whole there was an advance, and in each article so

* From 'Tooke on Prices.'

† Marshall, page 104.

nearly alike as to indicate a common cause. Mess beef, it is true, was more in demand after the war commenced, but Mr. Tooke has, himself, shewn that war demand does not, permanently, raise prices, unless the article has to be brought from a foreign country loaded with heavier charges; in which case the cost of procuring it is altered. But, in articles produced at home, the supply soon adjusts itself to the demand, and the price to the average rate at which it can be produced in the then existing state of the country. Some allowance, however, may be made for this particular cause of advance of the price of beef, and yet much of the difference between 74s. in 1790, and 123s. 9d. in 1802, will remain to be attributed to a reduction in the exchangeable value of gold.

In iron, the advance between the extreme points of the period is, from 60s. to 110s. on the lowest prices, and from 140s. to 180s. on the highest; and this advance took place while the more extensive introduction of the steam engine lowered the cost of producing the metal. The prices of this article, therefore, warrant a very strong presumption that gold sank in its exchangeable value during this period.

Tin is an article which continued to be produced in nearly the same way before and during the period under consideration, and yet the price of it advanced from 77s. in 1790, to 114s. 6d. in 1802. It is not easy to imagine any adequate cause for this advance in price, but an alteration in the value of gold. The more extensive use of the steam engine would have a tendency to reduce the cost of the production of tin, as well as that of iron, and to induce a decline, rather than an advance; and yet we see that the opposite was the fact. But whatever may be thought to have been

the cause of the advance in price of these three articles, that advance is evidently opposed to the supposition that a continued scarcity of grain caused its price to rise, and thus absorbed, to the purchase of grain, an additional portion of the whole money in circulation.

English beef, and other butchers' meat, it may be said, move in price with grain, as a bad harvest affects both in a similar way: this is not strictly true, but, as meat rises in price, it certainly requires more of the money in circulation to purchase it. From returns it appears that the mean price at Smithfield for beef, per stone, was, in 1796, 3s. 8d. and in 1802, 5s. 1d. The rise in the prices of cheese and butter Mr. Tooke accounts for, from the increased expence of importing them, and the stoppage of the supplies from Holland. But still these, as well as nearly all other articles, not produced by much improved methods, being advanced in price, would require additional money to circulate them; and this could not have been had, unless cheaper exports had brought it into the country in greater abundance. Now, if cheaper exports did bring gold into the country in greater abundance, that fact, of itself, fully accounts for the general rise in money prices, as such a rise is the natural and necessary consequence of having a more abundant supply of gold.

Upon the whole, it sufficiently appears, that from the commencement of the war, in 1793, to 1802, there was some general cause in operation which raised money prices, or lowered the exchangeable value of the currency; and as there was not any separation between the values of gold and paper, until towards the end of the period, and then the difference was not considerable, compared with the alteration of general money

prices, and continued but a short time, the great reduction in the exchangeable value of money could arise only from a reduction in the value of gold.

The whole advances on the prices of 1790 to 1802, were,

On Irish mess beef..... $67\frac{1}{4}$ per cent.

On iron..... $83\frac{1}{2}$ „

On tin 81 „

And, if we allow 8 per cent. for the depreciation of the currency in 1802, the price of bullion having been in that year £4. 4s. per oz., the alteration in the gold or bullion value of these articles would seem to indicate a very material reduction in the exchangeable value of gold.

The same causes which lowered the value of the currency from 1790 to 1802, were in operation from 1802 to about 1814. The mean prices of the same articles—Irish mess beef, iron, and tin, in each period, were,

	s.	d.		s.	d.
Beef, from 1790 to 1802,	104	10	{ 1802 to 1814,	147	9
the mean			{ the mean..		
Iron, from 1790 to 1802,	95	5	{ 1802 to 1814,	136	8
the mean			{ to the mean..		
	157	10		180	0
Tin, from 1790 to 1802,	100	2	{ 1802 to 1814,	134	0
the mean			{ the mean..		

And, as no further depreciation in the value of the currency took place until the year 1810, when the price of gold reached £4. 5s. an ounce, from which it rose to £5. 10s. in 1813, a part of the advance in the prices of these articles may be attributed to a further reduction in the value of gold. But these facts, taken together, and every due allowance being made, shew that the hypothesis of a reduction in the value of gold, to the extent of 30 per cent., in addition to a deprecia-

tion of the currency to the amount of 20 per cent., at the latter part of this period, is fully warranted. And this double reduction would, of course, affect the currency prices of wheat, as well as of other commodities; and it renders unnecessary the extraordinary hypothesis of Mr. Tooke, that a succession of bad harvests alone raised the prices of that article to the great height they attained, allowance being made for the depreciation of the paper money.

The following are the mean prices paid for beef, per stone, at St. Thomas's Hospital, London, on Lady-day and Michaelmas in each year, averaged for periods of 10 years each, from 1783 to 1812, taken from the official statistical returns, made in 1833, page 164.

From 1783 to 1792, both inclusive, beef £ stone, 2s. 9½d.

1793 to 1802, " " 3s. 11½d.

1803 to 1812, " " 5s. 0½d.

These prices indicate a great reduction in the value of the currency, and fully justify the assumptions made.

According to this view, the sums raised from the productive classes, at this period, may be taken to represent not more than one half of the commodities which the same sums would have represented from 1784 to 1793; and, consequently, the burdens on the people, that is, the quantities of wealth taken from them, were not so great, as at first view they appear from the sums expressed. In the years 1813 and 1814 the net expenditure, by the government, was a mean of $\text{£}107,977,730$. each year, which, in a currency reduced to one half the value of that of 1793, gives an expenditure equal to $\text{£}53,988,865$. of the currency of that period. This, however, is an increase of $\text{£}35,988,865$.

The two-fold reduction in the value of the currency, which we have been attempting to describe, had, at

this period, important, though very different, effects on the conditions of different classes of society. While a decline in the exchangeable value of gold, and successive depreciations in the paper currency beyond that decline, reduced the value of the sum contracted to be paid as *rent*, the farmer was a gainer by the alteration until the advance of his rent. And as money wages did not alter precisely with, or to the same extent as, the value of money, he was also able to pay for labour with less of produce. As he could thus pay both rent and wages with a smaller, and, at times, a much smaller proportion of his produce, he had a large proportion left for himself, and he enjoyed a period of great prosperity. He became rich, kept back his produce from market, which he was the better enabled to do by borrowing freely from makers of country bank notes: and thus was created, for a time, an artificial scarcity, which carried up the prices to the great height they attained in the year 1812. These causes are all known to have been in operation, and are sufficient to account for the very high prices, while they also account for the great prosperity of the farmer at the time, with which a continuance of unfavourable seasons is scarcely compatible. The average supply of grain was tolerably abundant, but the alteration in the value of money gave to the farmer a disproportioned share of this supply, compared with the shares received by the landowners and labourers. The rise of rent,* ultimately, compensated the land-

* * Very high prices of almost all descriptions of agricultural produce were the consequences; and, as the range of high prices (with an interval of depression, at the close of 1810, so short as not to have been felt at all by the landlord, and very little by the farmer,) had been of unusually long continuance, it was hastily concluded, as it unfortunately too often is, that

lords, and some advance of money wages, in part, remunerated the labourers; but the period of the farmers' greatest prosperity preceded these alterations.

The following extract, given by Mr. Tooke, from the evidence of P. Milne, Esq. before the committee of the House of Lords, 1814, is illustrative of the way in which the alteration in the value of the currency operated on wages. Question: "Can you state to the committee any particular instance of agricultural work that you may have contracted for in a dear and in a cheap year?" Answer: "I can state a very strong instance, that happened to myself last year. I wished to inclose a farm at the latter end of the year 1812, or the beginning of 1813; I sent for my bailiff, and told him that I had inclosed, about 25 years ago, a good deal of land; that the inclosure, at that time, cost me three shillings an ell of thirty-seven inches; that a neighbour of mine, two or three years ago, had made similar inclosures, which cost him five shillings an ell; that I thought he had paid too much; and that I ought to do it cheaper. The answer I got from my bailiff was, that provisions were very high; that the labourers were doing double work, and that, of course, there was less demand for labour; and that he could do those inclosures last year at a cheaper rate than I had ever done them; and he actually executed this inclosure at about 2s. 6d. per ell. He again came to me, and told me, that I had proposed to him to do some ditching and draining upon another farm, which I did not intend to do until about a twelvemonth afterwards, from the circumstance of not being in full posses-

the causes of that high range were permanent This, accordingly, was the period (from 1800 to 1811) in which rents experienced a great rise, and speculation in land became very general."—*Tooke on Prices*, vol. 1, page 124.

sion of the farm: he requested that I would allow him to do it that season, as he could do it so much cheaper; and that a great many labourers were idle, from having little work, in consequence of those who were employed doing double work. I desired him to go on with that work also, and he actually contracted for very large ditches at sixpence an ell, which I do not think I could now do under from one shilling to one shilling and sixpence, in consequence of the fall in provisions!'

Notwithstanding that there had been 1,266 inclosure bills passed from 1792 up to 1808, being an average of 79 a year, yet the new ones passed were,

In the year 1809.....	122
„ 1810.....	107
„ 1811.....	133
„ 1812.....	119
„ 1813.....	111
„ 1814.....	112

and, in the cultivation of the inferior lands thus inclosed, it is probable that a large part of the high agricultural profits was expended.

The causes which enriched the farmer* seem to have produced their maximum effect in the year 1812, as, in that year, the price of wheat averaged 125s. 6d. per quarter. In 1813 prices began to fall; and, although

* An alteration in the value of the currency operated in the same way in France, when paper money was there issued in great excess. A Mr. G. Greene, an Englishman, was, at the time, in Lower Normandy. He says, in page 124 of his book, giving an account of what he saw,—“At a time when the exigences of the state have been great enough to be made the pretext of a dreadful revolution, the farmers are not only almost exempt from contributing to its relief, but are enriched by the common distress; and, while the rest of their countrymen behold, with unavailing regret, their property replaced by scraps of paper, the peasants [small farmers, I presume], becoming insolent and daring by impunity, refuse to sell [provisions] but for specie, and are daily amassing wealth.”

the farmer must have had part of the wealth which he had recently acquired, yet such was the abundance of the stock of grain, that prices declined, until, in 1814, wheat was at an average of only 79s. per quarter.

The high prices of grain, at this time, would probably have caused considerable imports of it from foreign countries, had not the peculiar war then carried on prevented it. That war greatly increased the cost of conveying bulky commodities, and thus checked the obtaining of foreign supplies, and left the causes, which have been pointed out, to operate their full effect on prices in the home market. The quantities of grain (and flour, converted into quarters of grain,) imported were as follow:—

In the year 1809....	1,535,200	quarters.
„ 1810....	1,907,231	„
„ 1811....	362,633	„
„ 1812....	535,733	„
„ 1813....	1,396,286	„
„ 1814....	1,501,218	„

Considering that there were no corn laws in practical operation at the time, these quantities are very small.

The official values of goods exported, above colonial produce re-exported, were,

In 1809.....	£35,107,439.
1810.....	34,940,550.
1811.....	24,109,931.
1812.....	31,243,362.
1813.....	32,000,000.
1814.....	33,200,580.

which gave a yearly average of £31,600,320., and as the yearly average of the six preceding years was £25,074,400. when we consider the superior economy of labour in the production of the exports in the latter,

as compared with the former period, the increase in the quantity of labour required to produce the whole of the exports, and, consequently, to purchase the whole of the imports, was not considerable. Thus the benefit arising from the increase of manufacturing power was enjoyed almost exclusively by this country; as the articles exported, although many of them were produced with much less labour, sold for almost equally high prices in the general market of the world. And the exporters of them were enabled to bring back a tolerably plentiful supply of those foreign commodities which were in demand in Great Britain, in return for what had cost but little of British labour.

The supply of imports would have been still more abundant, had it not been for the great foreign war expenditure of the government; as that expenditure, in fact, rested on the exports, and absorbed a considerable part of them. The bills drawn and paid by British agents, for supplies to the fleets and armies in various parts of the world, were received by British exporters in payment for their goods. The subsidies, also, to foreign powers, were really furnished in the same way. Those powers drew bills upon the British government, which bills were sold, in the various marts of commerce, to persons who used them in the purchase of British goods; and those goods were thus the real things which supported our armies and fleets, and paid our allies in the formidable struggle in which we were engaged. The bills were, finally, paid in money by the British government to the British producer, with the sums raised by taxes and loans from the people of Great Britain.

Contemplated in this way, the power to produce, with a small cost of labour, an abundant supply of

goods, which command a high price in the general markets of the world, becomes of superior importance. When possessed of this power, by the appropriation of a comparatively small proportion of the whole labour of the country, immense resources of the kind wanted may be extracted from other countries, the people of which readily give in exchange their food, and those other necessities which constitute the most important means of making war. Not only did we obtain, in this way, supplies for carrying on the war; but we obtained them almost always precisely in the places where they were wanted. Our goods were readily converted into the articles which, without such means, it would have been extremely difficult to obtain. This view, however, belongs to the politician rather than to the political economist. The point to be noticed here is, that the immense resources commanded and consumed by Great Britain, at this period, in every quarter of the globe, were obtained by the sacrifice of but a small proportion of the labour of the country, and, consequently, the greater part of that labour was at liberty to be employed in the production of such other articles as were wanted.

Foreign commerce benefits a country in peace as well as in war. When the materials for such a commerce exists in goods, that command a sale in foreign countries, the exporter takes them to the foreign markets, and brings back a supply of commodities which could not have been produced with equal labour at home; and it is *this supply* which benefits the country in a time of peace. Commerce is sometimes spoken of as if it had some magic power to enrich a country; it is, however, clear, that it merely offers means to remedy, to some extent, the imperfect

productive power of a nation. If those articles which are imported could be produced directly at home, as cheaply as they can be procured from abroad, through the instrumentality of commerce, it is clear that, in a time of peace, there would be no benefit in foreign commerce, and, consequently, none would be carried on. It may, therefore, be said to rest on the imperfection of the productive powers of different nations, and, partially, to remedy that imperfection, by taking from a country those articles in the production of which it excels, and supplying it, in return, with those in the production of which another country excels. But the commerce is evidently dependent on the productive power which furnishes the export; and the whole benefit, in time of peace, is realized in the import.

In time of war, the power of producing suitable exports enables commerce to take articles, frequently of moderate bulk, and of a durable nature, to almost any part of the world; and the sale of these articles gives a command over any resources which the buyers of them may possess. But still commerce is here a mere instrument of the producers—it only conveys the article to the place where it is wanted. It is to the producer of the exported article that we are to look, as the grand source of the power thus obtained.

The precious metals are the best articles for this purpose, as the demand for them is the most universal and uniform, but they are not produced and consumed annually in sufficiently large quantities. But articles manufactured from cotton, wool, linen and iron, are in such extensive demand, and can be sold in such large quantities, as to give the producers of them a powerful command over the resources of the countries in which

they are sold. And when these articles are, through great improvements, produced with comparatively little labour, the country so producing them obtains formidable power at a trifling cost.

That the general money prices of British produce and manufactures, exported to the different parts of the commercial world, did not decline during the period under consideration, particularly the earlier part of it, as they have since done, may be seen from a comparison of the declared and the official values of the exports of the period. The declared values are the market values, or prices of the articles, at the time they are exported. This value was first taken from the shippers, who had to declare the price or value in the year 1798, in order to have charged each his proper proportion of the convoy duty, and this duty would sufficiently prevent any overstatement of the value. The official values are, as has been already stated, taken by affixing an unvarying value to articles of the same quality, and, therefore, exhibit, from time to time, the quantities. The two values were as follows, for the periods named:—

	<i>Declared Value.</i>	<i>Official Value.</i>
	£	£
From 1798 to 1802, inclusive,	201,833,420	120,793,068
1803 to 1808, „	246,123,166	150,446,405
1809 to 1814, „	265,240,912	190,601,863*

And as each of the values was taken in the same way, during the whole of the time, they become deserving of confidence, as far as respects comparisons between the different periods. In the three periods the declared

* From parliamentary returns, moved for by Mr. Waltham.

values are expressed in the currency prices of the times, but as that currency was depreciated in a small degree at the second period, and in a greater degree at the last period, the bullion prices would be in the second about 4 per cent. and in the whole of the last period, say, about 20 per cent. below the currency prices. Allowing for this depreciation, the declared value, in bullion prices, from 1803 to 1808, will be about 236 millions, and from 1809 to 1814 about 212 millions. The bullion declared values would then be to the official values (quantities) as, keeping to the millions,

201 to 120 in the 1st period, or say as 20 to 12,

236 to 150 in the 2nd period, or say as 20 to 12½,

212 to 190 in the 3rd period, or say as 20 to 18,

showing that, while the prices advanced from 201 to only 212, the quantities increased from 120 to 190.*

During the whole of the period from 1802 to 1808, both inclusive, the amount of Bank of England notes in circulation continued not far from the same; and the superior price of gold, in the form of bullion, £4. an ounce, to the price of gold, in the form of coin, £3. 17s. 10½d. an ounce, would offer some (though not a strong) temptation to melt or export coin. Shortly after the commencement of the period from 1809 to 1814, the amount of those notes issued was materially increased, as they averaged about 24 millions, until the last of those years, when nearly 29 millions were in circulation. The following were the amounts in circulation in the first week in August, in each year, to which are added the prices of gold:—

* In the last of these periods quantity gained on price. Did gold begin to ebb back from this country, before 1814, as a consequence of the commercial restrictions, on the continent and in the United States of America reducing the selling prices of British exports?

	<i>Bank of England Notes.</i>	<i>Gold per ounce.</i>	
	<i>£</i>	<i>s.</i>	<i>d.</i>
In the year 1809.....	19,357,241	80	0
„ 1810.....	24,446,275	85	0
„ 1811.....	23,793,115	93	0
„ 1812.....	23,482,910	101	9
„ 1813.....	24,024,809	110	0
„ 1814.....	28,978,876	89	0*

It appears that the small increase in the amount of Bank of England notes, together with the increase in the amount of country bank notes, which took place from 1803 to 1808, did not, by increasing the whole quantity of currency, depreciate its value, but only supplied the place of the coin which would otherwise have been in circulation; but, in this table, it is made apparent that, from 1809 to 1814, the further increase in the amount of Bank of England notes was an addition to the natural quantity of currency; for the currency now sunk in value, relatively to gold, as the bank notes increased, until, in 1813, the currency price of an ounce of gold was £5. 10s. At this time gold had entirely disappeared from circulation, and even the better kinds of silver coins had left the depreciated currency, to obtain their value as bullion. The silver, which remained in circulation, consisted either of tokens, or of coins, so much worn or debased as to be of no greater value than the depreciated paper money.

The two-fold reduction in the value of money had now produced its full effect on all fixed annuities. The owners of ground rents of houses in towns—of annuities, secured on land, or received from annuity offices;—the

* From Tooke.

owners of stock (government annuities), and of lands let on long leases, received smaller values in their annuities; and the payers of them, who may be generally considered as persons engaged in active employment of some kind, in making these payments, all paid smaller values. This reduction in the value of fixed annuities was a relief to the productive classes, and enabled them the better to bear the burdens arising from loans and taxes.

But all lands, which had to be re-let, were sought after with an avidity which caused a general and very considerable further advance of rent: and this is not one of the least of the evils which a reduction in the value of the currency, in the way in which it was effected, has inflicted on the productive classes. The very high profits of the farmer were temporary,—they could not continue permanently above those of other capitalists; but, for the purpose of participating in those temporarily high profits, farmers readily gave and established a general rate of rent, which soon disabled them from paying competent wages, and, at the same time, obtaining very moderate profits for themselves.* By the end of this period, the lands of Great

* "In the year 1799 we were again visited with a very deficient crop of all kinds of grain. The consequence was, that corn, and especially wheat, rose to an enormous price, which at once stimulated and enabled the farmer to renew his lease at a very great advance. A reaction took place; the high prices, which had originally given birth to exorbitant rents, were continued by those rents."—*Annual Register for 1815*, page 211.

And again, in page 213, "The high price of corn, the increase in the rents of land, the increased income of the landlord, in some instances, and, in other instances, the increased income of the tenant, continued, with few and feeble interruptions, till the power of Buonaparte was on the eve of its dissolution."

In the House of Commons, on February 17th, 1815, Sir W. Curtis said, "that, as rents had, in all cases, doubled, and in many trebled, during the

Britain, in cultivation, as it is generally called, that is, in productive use, may be computed at 40 millions of acres, which, at an average of £1. an acre, would give a total rental of 40 millions in current money. Presuming this computation to be correct, then, from 18 millions, the supposed amount in 1793, there would be an advance of rent to the extent of 22 millions a year, making a total of 40 millions! The reduction in the value of money, at the time, prevented this from being felt as a heavy additional burden. Indeed, if what has been advanced respecting the two-fold reduction in the value of the currency is correct, it was not so; but the general increase in the amount of the sums paid as rent of land was established, and, as we shall see hereafter, this increase became permanent, while the reduction in the value of the currency, in which it was first paid, was only temporary.

The rate of profit continued high throughout this period, as may be concluded from the prices of the 3 per cent. consols, which were, on an average,

In 1809.....	68½
1810.....	67½
1811.....	63½
1812.....	59
1813.....	59
1814.....	66½*

and a little consideration will be sufficient to satisfy

war, he saw no rate of taxation which could justify the interference of parliament, as to the importation of corn."—*Annual Register*, page 90. He was not contradicted, although the agricultural gentlemen of the house were generally present to hear Mr. Robinson's resolutions, relative to prohibiting the introduction of foreign grain into the home market, until the price of wheat reached 80s. per quarter.

* Marshall, page 129.

us, that the general rate of profit was higher than is indicated by those prices. If the government had, in return for the money borrowed, or when funding exchequer bills, always created annuities in the 5 per cents. they would have been able, according to the common terms of all such contracts, to pay off the sums borrowed, at par, at any future time. If, at the establishment of peace, these 5 per cents. were to rise to say 105, the rate of interest might be reduced, or, in the event of the holders of the stock refusing to accept a reduced interest, a new loan might be made on more favourable terms for the nation, the amount of which might be used to pay off the old debt. And the knowledge that this could be done, as soon as the government found it advantageous, would prevent the selling price of such 5 per cent. stock from ever rising greatly above par, or £100. money, for £100. stock. But in the actual system of borrowing pursued in the 3 per cent. stock, the government engaged not to pay off these 3 per cents. excepting at the full price of £100. money for £100. stock! The holder of such stock, consequently, had the advantage of all the possible rise which might take place from the then current price, say, as an average, 64 to 100. And when persons either lent their money to the government, or purchased stock, they were quite aware of this advantage; and lent, or gave, more money in return for the stock they received, on the expectation of this future benefit. The government, in fact, practically said to the capitalists of that day, "if you will advance £64. or £59. as the case might be, in money, we will give you an annuity of £3. until we return you £100. in money." The interest obtained for money invested in the 3 per cent. stocks was, there-

fore, only a *part* of the remuneration given to the capitalist who advanced his money in this way. If the whole remuneration had been confined to the interest paid, that interest would have been higher, and would have indicated more correctly the general rate of profit on capital throughout the country. Some facts may be stated which shew the correctness of the view here taken. The 5 per cent. stocks always sold at prices which yielded a higher interest for the money invested in them, than could be obtained for money invested in the 3 per cents. When the 5 per cents. yielded $5\frac{1}{2}$ or nearly 6 per cent. and money could not be borrowed by private individuals at legal interest (5 per cent.) and when country bankers allowed 5 per cent. on their deposits, by the use of which they made a profit—purchases in the 3 per cents. yielded less than 5 per cent. interest. In our attempts to deduct the rate of profit throughout the country from the prices of the 3 per cent. consols, we should, therefore, make due allowance for the expectation of the ultimate repayment of a larger principal sum than that which was borrowed. And, in making a comparative estimate between 1792 and 1813, the allowance for this expectation should not be the same in both cases, seeing that the possible advance from $91\frac{1}{2}$ to 100 is small, compared with the possible advance from 59 to 100. The greater the difference between the two numbers, the stronger is the tendency of the principal sum to advance in price. At 59 the elasticity may be considered as having been at its greatest force; as it approaches 100 it becomes weaker, and when it reaches the 100 its force may be considered as nearly expended, there being no probability of the price going much beyond that, as the stock might, at any time, be paid off at that rate.

An advantage, to a certain limited extent, resulted from the substitution of paper money for gold. The issue of the paper drove the gold out of the country; it was not, however, given away to other countries, but sent to them as so much wealth exported to pay for the imports which were received at the time, or to defray the foreign expenditure of the government. In this way, say, 20 millions of wealth were liberated from their employment as currency, and made available for purposes of national expenditure, and so far the country was assisted at the time. For, had not these 20 millions been so employed, an equal amount of wealth, in other articles, would have been abstracted from the country and exported, instead of the gold, which, by reducing the aggregate stock of wealth, would have left less for the consumption of the people. If these 20 millions had been obtained by additional taxes, they would have lowered wages directly to that amount; if they had been additional loans, profit would have been thereby raised, and wages lowered indirectly. Now, as all that could not be raised by taxes, at this period, was borrowed, the fact was, that, by the liberation of the gold, capital was made a little more plentiful, and the rate of profit was kept a little lower than it would have been if the gold had remained in circulation.

This alteration had, however, also its disadvantage. When the gold was in the country it was in the hands of, and was owned by, the aggregate mass of the people, who were engaged in carrying on the general business of society. It formed the stock of circulating medium for which no interest was, in the aggregate, paid, as it was used by the owners themselves; but when paper was supplied as a substitute, those who

issued that paper charged an interest on it, and thus levied a new contribution from the great mass of the people. The people parted with their gold, instead of parting with an equal value of the produce of their labour, and were so far relieved; but when they obtained a substitute for that gold, they were obliged to pay interest for it to a separate class of paper money makers, and this was a burden. While, however, the gold was leaving the country, the relief was, say, as about 20, and the burden as 1. The people were, in fact, having their principal expended, and paying interest for the substitute that was provided for that principal.

When either a metallic money or a government paper money forms the currency of a country, individuals occasionally lend portions of that money, on interest, to other individuals. The same thing takes place when bank notes form the circulating medium; but then, in addition to this, there is, in the latter case, a general lending, by the bank note makers, to the rest of the community. This additional lending produces an appearance of superior activity in the circulation of money, and hence has probably arisen the notion that *circulation* has a very powerful influence on national prosperity.

The mere passing of money from hand to hand, it is evident, cannot conduce to national prosperity; nor can the introduction of a lender to furnish money, of itself, place those who have to conduct the general business of the country in a more favourable situation than they would be in if the money were their own. The money, it is true, in passing through an additional hand, leaves in that hand a profit; but that profit reduces the shares of the other parties concerned, and there is, therefore, on the whole, no advantage obtained in the additional

See also, in the same work, Social Economy
Vol. II. p. 200

circulation. Money of some kind is beneficial, because, in effecting exchanges, it saves labour; but that is no reason why multiplying those exchanges, beyond what the occasion requires, should be considered beneficial. In a country where labour is extensively divided, almost every man has to part with nearly all the produce of his labour, and to obtain the produce of the labour of others in exchange; and money performs an important part in effecting those exchanges, and in distributing the whole of the wealth produced, until it reaches the final consumer; but having done this, its work is completed, and any further circulation would be an evil. The effecting of exchanges is, like eating or drinking when hungry or thirsty, a good thing, when there are commodities in different hands which require to be exchanged; but when all are as well supplied as the existing stock of commodities will permit, the effecting of further exchanges is, like eating or drinking after nature has been fully satisfied, a bad thing. To expect benefit from increasing the number of exchanges indefinitely is as irrational as expecting beneficial results from digging holes and filling them up again, after the regular labours of the day had been performed. Neither circulation nor labour are good in themselves, but only when they produce beneficial results.

During the war the rate of profit was high, and capitalists, of course, concluded that the country was prosperous. At the same time the system of borrowing, adopted by the government, collected large portions of these profits, and poured them into the treasury. It required many persons to form the machinery by which all this was effected—loan-contractors and jobbers, bankers, both in town and country, through whose hands the extra profits passed to feed the loan of the

time ; and the capitalists throughout the country who, in reality, furnished the loan, all felt that there was additional activity in the circulation. And, not knowing, nor probably caring to know, that these were consequences of portions of every man's wages being taken from him and passed through different channels until they were poured into the treasury, but seeing circulation particularly active, they took it for the cause, while it was, in reality, an effect ; thus adding one to the numerous instances which might be named in political economy, of an effect being mistaken for a cause. The effect of mere circulation of money may, perhaps, be best seen in a gambling-house, or on a race-course. It is evidently of no consequence to the community whether each man keeps his money in his pocket, or circulates it 10, 20, or 50 times, by repeated bettings. As there are no commodities beneficially exchanged or distributed, circulating the money is, on the whole, so much labour thrown away.

The word "circulation" was, at the time of which we are treating, made use of, not unsuccessfully, to mystify the subjects of taxation, loans, and large government expenditure. Indeed, there were not wanting persons to maintain that, increasing the rapidity of circulation increased wealth, and gave to the nation the power to furnish it to almost any amount to the government, for war expenditure.

The "sinking fund," of which so much was said at this period, and from which so much was expected, was a fallacious and mischievous expedient. When a nation is incumbered with debt, and has a surplus revenue with which it is proposed to discharge a part of the debt, the simple and most effectual way to proceed is to pay off, or purchase and cancel, a part of

the debt with the surplus revenue. For a nation, in its collective capacity, to keep a regular debtor and creditor account with itself, of a fund set apart to accumulate, itself being both debtor and creditor, is undertaking a superfluous labour, which must be attended with expence, and cannot be productive of any countervailing advantage. But to establish a system of borrowing for the purpose of purchasing portions of your own debt (stock), to form a growing fund—that fund being made up of money borrowed to furnish the principal, and, also, to pay the interest—seems to be the extreme of childish folly. There is, however, another degree to be added to it, the money was borrowed on such terms as made it cost the country, say, 6 per cent. interest, while a larger principal had to be repaid, but in expending the money in buying up portions of the debt (stock), not more than 5 per cent. was obtained! It is ludicrous and humiliating to read the speeches delivered by the most eminent men of the time about this sinking fund. They, evidently, believed that the nation could get out of debt by borrowing at a higher and lending at a lower rate of interest! How many of our present popular opinions will appear equally ridiculous twenty years hence?

The whole sum expended by the government, from the year 1809 to 1815, both inclusive, was, in the currency of the time, £630,789,973. being an average annual expenditure of £90,112,853. If, to this, we add 7 millions a year, for the expence of collecting the taxes, it makes a total of £679,789,973. and the whole expenditure, from 1793 to 1815 inclusive, may be thus given, including the probable cost of collecting:—

In the 9 years, from 1793 to 1802. . . £514,900,000.

In the 6 years, from 1803 to 1808. . . 400,000,000.

In the 7 years, from 1809 to 1815. . . 679,780,973.

£1,594,049,973.

Of this immense sum, £1,187,509,864. were obtained by taxation, and £407,540,109. were raised by borrowing, for which stock or funds were created, amounting to £681,088,832.† increasing the national debt from £233,733,609. to £864,822,441.!!*

The amounts of the debt and interest, at the periods named, were,

	<i>Debt.</i>	<i>Interest.</i>
	£	£
At the commencement of the } American war, in 1776 .. }	135,943,051	4,476,831
At the commencement of the } French war, in 1793 }	233,733,609	8,176,837
At the peace of Amiens.....	528,839,277	20,428,468
At the peace of Paris.....	864,822,441	41,223,237
Deduct decrease since the } peace	82,155,207	12,863,841
In January, 1832.....	782,667,234	28,341,416

In reviewing the state and progress of society, from the year 1808 to the year 1814 inclusive, we have traced the active operation of various powerful causes, some of which produced beneficial, and others injurious results. Among those which produced beneficial results will be found the increase of the population, as shewn in page 102. This increase in the number of the people enabled them to bear the abstraction of an amount of wealth which, if it had been taken from a smaller number, would have reduced them to indigence and

* See Marshall's 'Statistics,' and Pehrér's 'Taxation, Revenue, &c.'

hedness;—would have destroyed their superior active power, and, the same abstraction being used, would finally have destroyed the people selves. What would have been impossible for 10 us to bear, was borne, with comparative ease, by millions; and, under the pressure of their burden, contrived to go on increasing their numbers, and enabled themselves afterwards to sustain heavier us with less difficulty.

Another beneficial cause which affected the condition of society, at this time, was, an increase in the productive power of the people. As the various and heavy taxes, made on industry, took much wealth from the producers, they would have been more impoverished if they were, had not their capabilities of producing wealth been increased; but, having this increased, they were enabled to furnish what was taken from them, and also to subsist themselves in a degree of comfort which would have been unattainable if their productive power had remained stationary.

A two-fold reduction, which we have seen took place in the value of the currency, had various effects; among them was one which operated decidedly in favour of the labouring classes:—the quantity of labour requisite to raise produce to pay fixed annuities, was thereby materially reduced. If our computations have been correct, after the two-fold reduction in the currency, one half of the labour that was formerly necessary would be sufficient. The capitalist, therefore, would, in numerous cases, be the party who would first feel the benefit of this alteration, as he would be able to pay any annuity, to the payment of which he was liable, by selling commodities which had only one half the previously required quantity of

labour, and the difference would be to him, for the time, a clear gain; but, as has been before shown, every alteration which increases the profit of the capitalist, and which does not, at the same time, take from him and consume wealth, as in the case of war-loans, tends directly to a reduction of the rate of profit, and, consequently, to a rise of wages. And such would have been the effects of the reduction in the value of the currency, on the payment of private annuities, and, consequently, on profits first, and finally on wages, if other counteracting causes had not been in operation at the same period. As it was, however, the reduction in the value of the currency had its degree of effect—it prevented capital from becoming as scarce as it otherwise would have been, and, therefore, it prevented the general rate of profit from rising to the height it would have attained, and thus it, to some extent, checked the fall of wages.

The sums furnished to the government, in taxes or loans, to pay the interest of the then debt, were also raised by the sale of fewer goods, and were the produce of much less labour than would have been required, had no such reduction in the value of the currency taken place. The existing permanent burdens on the productive classes were thus lightened, and those classes were enabled the better to bear the new burdens which were laid upon them. The receivers of the annuities were, of course, injured by this alteration but we are here not so much considering all the effects produced by the various important causes which were in operation at this period, as how the more important causes affected the great mass of society, and more particularly the productive classes.

The receivers of the rents of land are to be included

amongst the annuitants thus affected, until their rents were advanced; and, as a period intervened between the reduction in the value of the currency and the advance of rent, the effect on the gain of the farmer was of the same kind as on that of any other capitalist who had to pay an annuity. The tendency was to give him a high profit, and to induce him to accumulate capital more abundantly.

An advantage, to a certain amount, was obtained incidentally through the excessive issue of paper, and the consequent banishment of metallic money. The coin thus driven out of, or liberated from circulation in the country, was not given away, but exported as capital to other countries, and, for the time, operated as if so much new wealth had been created by labour, and exported in order to obtain such returns as were wanted. The creation of the paper money, and the consequent conversion of the gold coin into an article of export, made capital more abundant; and, instead of sending out the produce of British labour to purchase our imports, or to feed our foreign war expenditure, gold was made to effect those objects to a certain extent. It is true we parted with the metals of intrinsic value, and had paper only as a substitute for them, and thus we appeared to be so much the poorer for the alteration; but we obtained value for the metals in foreign countries, instead of sending out goods, the produce of British labour, in exchange for that value. These goods were, therefore, kept for home use, or rather, the labour which would have gone to produce them was employed to produce in some other department. The liberation of the metallic money from circulation, and the consequent conversion of it into an export, was, therefore, an advantage at the time, whether that advantage was appre-

*Temper
any ad-
vantage re-
sulting
from
issue of
paper.*

ciated or not ; and this advantage has to be traced through a somewhat inferior scarcity of capital, a lower rate of profit, and a little higher rate of wages.

The last of the active causes which had a beneficial operation at this period that it is necessary now to notice is, the small cost of labour at which was obtained the imported commodities, and by which the foreign expenditure was supplied. The peculiar state of our manufacturing department, where important improvements rapidly succeeded each other, enabled comparatively little labour to produce articles which commanded much of the produce of other countries; while the war, which then swept over all the other European manufacturing countries, prevented our improvements from being extensively adopted in those countries ; and thus circumstances gave us advantages similar to those which arise from a monopoly.

These five causes—increase of population, increase of productive power, reduction in the real value of annuities, export of the metallic currency, and the high prices obtained for cheaply produced exports—all tended, at the same time, to benefit that part of the people who were engaged in the great work of producing the annual supply of wealth which sustained the whole community, and enabled them the better to bear up under the baneful influence of causes of an opposite character.

Among these causes of an opposite character, we must place in the front the additional taxes and loans extracted from the people ; and, after making every allowance for the depreciated currency in which the amounts are expressed in the different returns, the increase is enormously great. Expressed in currency of equal value, compared with commodities, the amount

was, in 1793, £18,000,000. and the average of 1813 and 1814 was £53,988,865.; a much larger portion of the labour of the country must, consequently, have been employed in furnishing to the government the amount of wealth taken at the latter period, than was required to furnish the smaller amount at the former period, and, consequently, there was less labour left to be used in producing those commodities which constituted the subsistence, and contributed to the enjoyment, of the people themselves.

Loans, as has been shewn, although obtained in the first instance from capitalists, were, in the form of extra profits, taken finally from wages, and the real wages of the labouring class were thereby reduced. The extra profits were consequent on the increased taxation and the borrowing; and were, indeed, rather the shape in which part of the taxes and the loans affected the labouring class than additional burdens themselves. These higher profits, however, in all probability, stimulated capitalists to a more expensive style of living, and thus gave them habits which made accumulation more difficult and capital less abundant. Profits would, consequently, be higher than they would have been had the economical habits remained which were produced by lower profits.

really
taken
from
wages.

The great rise which took place in money rent of land, we have seen, was, in a considerable degree, counteracted by the fall in the value of money. The rise of rent, therefore, did not give landowners so great an additional command over the produce of the labour of the country, at this period, as might be supposed, and, consequently, was not found to be so material an addition to the burdens previously borne by the labouring classes.

The high price of landed produce was beneficial to those who [received tithes in kind; and, accordingly, we find that the clergy, who were in the receipt of tithes, considered that, for them, this was a prosperous period. They benefited first from the increase in the quantity of produce raised from the land; secondly, from the advance of rent; and, thirdly, from the additional exchangeable value which their own tithe tax gave to the landed produce. And as clergymen are presumed to expend their incomes, whatever may be their amounts, and not to accumulate any part of them to be used as capital in the way in which the farmer is supposed to use the greater part of his additional profits, the whole of the wealth thus furnished to the clergy, in the form of tithes, was so much abstracted from the productive classes, without any return being made of a counteracting nature.

It has been stated that the increase of population was favourable to those who had to furnish so large an amount of net wealth annually; and this would have been the case, to the full extent of the increase, if it had been solely in the numbers of the primary producers; but this was not the case. The advance of rent, the greater quantity and increased value of tithes, the additional annuitants created by the borrowing system, together with the immense number who lived upon the government expenditure, caused a great increase in the number of the net receivers; and, as it is known that each of them, on an average, was in the receipt of considerably more than he himself directly consumed, he would naturally employ others to work up the remainder of his income into such a form as would enable him to consume it indirectly. A material addition would, consequently, be made to the

numbers of the secondary producers. This increase in the numbers of the net receivers and secondary producers would not enable the primary producers to sustain their burdens with more ease; on the contrary, every conversion of a primary producer into a net receiver, or a secondary producer, would so far lessen the power of the primary producers to furnish the net wealth, and, also, to subsist themselves.

There were, therefore, six causes in operation at this time, which had unfavourable effects on the condition of the people, which, together with the five of an opposite tendency, may be thus placed in juxta position.

UNFAVOURABLE CAUSES.

1. Increased taxation.
2. Heavy loans.
3. High profits.
4. Advanced rents.
5. Tithes.
6. Conversion of primary into secondary producers.

FAVOURABLE CAUSES.

1. Increased population.*
2. Increased productive power.
3. Annuities reduced in value.
4. Export of the coin.
5. Cheaply produced exports.

The influence of the six causes, having unfavourable effects, was much stronger than the influence of the five opposing causes, and the condition of the people was, consequently, on the whole, deteriorated.

In order to have a kind of bird's-eye view of the way in which these various causes operated at this time on the different classes, we will make another analysis of

* When there is a great increase of the net wealth, there will be a great increase of the net receivers, or of the secondary producers, or of both, as the numbers of these classes will generally bear about the same relation to the amount of the net wealth furnished; but if there had been no increase in the whole population, at the time there was an increase in the amount of net wealth, a part of the primary would have been converted into secondary producers, which would have reduced the numbers of the primary population. The increase in the whole population, then, by first supplying secondary producers, prevents a reduction of the primary population, and, if the increase is more than sufficient for this purpose, it increases the primary population, and, in either case, is beneficial to the productive classes.

of society, similar to that of 1793; and that we may be able to institute a comparison between the state of the country at this time, and at the commencement of the war, we will repeat some of the leading facts then exhibited.

The population in 1793 was taken at 10 millions, and, by the census of 1811, it is shown to have been, in that year, 12,609,864, which, according to the progressive increase, may be presumed to have reached 13 millions in the year 1813. In 1793 the wealth produced was expressed by the sum of £120,000,000. out of which 40 millions were net, and subsisted 1,800,000 persons, receivers of net wealth and secondary producers, leaving to be divided, among 8,200,000 primary producers, capitalists, and labourers, 80 millions of wealth.

In 1814 the net wealth furnished, expressed in a currency of equal value in commodities with that of 1793, will be found to have been,

in taxes and loans £53,450,688.

in rent of land, supposing the amount in

currency of the time to have been 40

millions, then in currency of equal

value with that of 1793..... 20,000,000*

for tithes and various net annuities, say, 6,549,312

making a total net round sum of £80,000,000.

being just double the net wealth furnished in 1793.

Proceeding on the assumption that the net receivers and the secondary producers increase in number in the same ratio with the net wealth, they will now be 3,600,000 instead of 1,800,000, as in 1793. Out of the

* It is possible that the income tax caused the net revenue of land proprietors to be reduced below this sum in real value; but we can only approximate to the actual circumstances which took place.

population of 13 millions in 1814, we have then 3,600,000 who subsist on the wealth produced and furnished by the primary producers, leaving the latter class 9,400,000 in number. To ascertain the number of the labouring part of these primary producers we must subtract the capitalists and their dependents; and, taking the whole capital in 1814 to be 400 millions, in a currency equal in value to that of 1793, and the number of owners of it and their dependents to be in the same proportion to the capital as in that year, we shall have their number 1,142,856, which, being deducted from the 9,400,000, leaves 8,257,144 of primary labourers. Now, if these continued to produce at the same rate as in 1793, each family of six persons £100. the whole amount of wealth which they would bring into existence would be £137,619,000. from which take the net 80 millions, and there would remain, for the two classes of primary producers, £57,619,000. From this we have to take the net profit of the capitalist, $6\frac{1}{2}$ per cent. on 400 millions, amounting to 26 millions, and there remain to be divided among the primary labourers, as wages, £31,619,000. This sum, being divided among the 8,257,144, gives an average of less than £4. each person, or £24. a family of six persons, instead of £47. 14s. as in 1793!

But what would have been the situation of the primary labourers had there been no increase of their numbers?—had their *population been kept down*. The 7,200,000 would produce a total wealth of 120 millions; and when, from this, the net wealth and profit of 1813 were taken, amounting to 106 millions, there would be left for the primary labourers themselves just 14 millions—not £2. a head! And if wages did not really fall towards that rate, it was, as far as our

present argument goes, because the number of the primary labourers increased.

From the censuses, and from other sources, we have seen or estimated, on data deserving confidence, the increase in the number of the whole population; and a part of that increase was in the class of primary labourers. But what was the extent of the increase in their productive power? This is a question not easily answered. In agriculture it was, no doubt, considerable, but the common arts and businesses throughout the country remained unaltered. In some branches of manufacture, such as the hardware, linen, woollen and cotton, there was a great increase—equal quantities of labour yielding much larger quantities of commodities. And as these commodities formed the greater part of the exports, equal quantities of labour obtained larger quantities of foreign produce, until the prices of the exports fell.

But, on the whole, whatever may have been the increase in the aggregate productive power of the primary labourers, that increase, added to the increase in their numbers, was not sufficient to counteract the effects of the abstraction of such large quantities of wealth from them as were actually taken, and their situation was, consequently, rendered worse, as became apparent in the condition of the poorer classes throughout the country, but particularly in that of the agricultural labourers. Evidence of the progressive decline in their condition is seen in the increase of the rates which it was found necessary to raise to afford them the poor pittance allowed by the parishes. About 1793 the sum raised annually for the relief of the poor was only £2,167,748. but in the year 1812 it was £8,640,842. which, being taken to be in a currency

reduced in value 50 per cent. will give, in a currency of the value of that of 1793, £4,320,421. being more than double the value expended at the latter as compared with the former period.

The decline in the condition of the labourers was not, however, experienced alike by all portions of that class. As net wealth increased, those who laboured to modify it—to render it fit for the consumption of its opulent owners, would find, for the time, increased demand for their labour, and, sometimes, instead of a reduction, a temporary increase in their remuneration. But that would not last long, as competition would immediately begin to operate to bring their remuneration down to the reduced general rate. The increase of net wealth would thus cause an increase of the numbers of the net receivers and secondary producers, and these would form a large part of the additional population. Indications of this may be seen in the great increase of the population of those places more particularly selected for their residences. In the years 1801 and 1811 the respective numbers in the following parishes round London were :—

	In 1801.	In 1811.
Chelsea	11,604	18,262
Kensington	8,556	10,886
Paddington	1,881	4,609
Mary-le-bone	63,982	75,624
Pancras	31,779	46,330
Islington	10,212	15,065
Battersea	3,365	4,409
Camberwell	7,059	11,309
Clapham.....	3,864	5,083
	142,302	191,580

being an increase of about 34½ per cent. while the

whole population increased, during the same period, only a little more than 15 per cent.

In 1801, Brighton had a population of.....	7,339
„ 1811, „	12,012
In 1801, Cheltenham had a population of.....	3,076
„ 1811, „	8,325
In 1801, Worthing had a population of.....	1,018
„ 1811, „	2,602

Those who laboured to produce the articles for exportation, the modes of producing which had been improved, had their wages also, for a time, either positively raised, or kept above what they would otherwise have sunk to. And here, also, the local effects of wages, in one branch, being above the general rate was seen in the superior increase of the population. In Manchester and other places, seats of the cotton manufacture, the increase was above 25 per cent. while the general increase was only 15 per cent.

Such an analysis as that just given shows the utter groundlessness and absurdity of the opinion, that a reduction of the numbers of the labouring people of Great Britain would improve their condition. And yet such an opinion generally prevails among writers, and speakers at public meetings, and in the legislature, and, founded on that opinion, laws have been passed to stimulate emigration! It also proves the erroneousness of the opinion entertained by Mr. Owen and others, that machinery and other things, which increase the productive power of man, are injurious to the interests of the labouring classes, and it tends to bring us back to common sense, which always says that a workman is injured by having wealth taken from him, but not by having fellow labourers to assist him in bearing his burdens, nor by being enabled to produce more wealth with the same labour.

The aggregate results of the alterations of this period were, a great increase in the income of the net receivers, and a corresponding increase of their numbers, partly caused by capitalists becoming annuitants,—an increase in the number of the secondary producers,—and a rise in the rate of profit, which enabled the capitalists to pay the taxes imposed upon them—to feed the loans—and to obtain annuities, and yet to have a further profit as high as at the commencement of the war. To these must be added a general fall in the rate of real wages, temporarily counteracted in those departments of production where the luxuries of the opulent net receivers had to be administered to, and in those where greatly improved machinery and processes had been introduced; but, on the whole, notwithstanding the increase of the population, there was a reduction in the real wages of ordinary labour. This was felt by those who laboured in old and unimproved modes, and particularly by the common country labourers, who had to endure increasing privations.

GREAT BRITAIN, &c.

CHAP. VI.

FROM 1814 TO 1820.

MONETARY STATE NEAR THE END OF THE WAR, PRICES OF GRAIN, AND QUANTITY OF CURRENCY.—CORN LAW, OF 1815.—AGRICULTURAL DISTRESS OF 1816.—SUMS EXPENDED ON PAUPERS.—PRICES PAID FOR WEAVING.—REDUCED EXPENDITURE OF GOVERNMENT.—TRANSITION FROM WAR TO PEACE.—COUNTRY BANK AND BANK OF ENGLAND NOTES.—PEEL'S BILL, TABLES OF THE CURRENCY AND OF PRICES.—CONDITION OF THE POOR.—CESSATION OF LOANS AND REDUCTION OF TAXES, AND THEIR EFFECTS.—EXPORTS AND IMPORTS.—VALUE OF THE CURRENCY.—PRICES OF EXPORTS.—EFFECTS OF IMPORT DUTIES ON PRICES.—VALUE OF MONEY IN GREAT BRITAIN AND OTHER COUNTRIES FROM 1793.

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THE period near the termination of the war appears to have been a crisis in the internal condition, as well as in the political relations of the country ; and so many alterations were taking place, and so many causes in active operation at the same time, as to make it difficult to trace the separate workings of each.

The large profits of the agricultural capitalists, consequent on the successive reductions in the value of the currency in which they paid both rents and wages, had enriched them, and caused them to bring considerable

quantities of poor land into cultivation, and, at the same time, to expend much of their profits in forcing large crops of grain and other landed produce. In 1813 the effects of these proceedings began to appear, in the decline of the price of landed produce beyond that of any other class of commodities. This decline continued through the two following years, and was a natural result of the previous large profits. In any department of industry, sudden high profits lead to over-production, and over-production brings, in its train, low price, until the low price clears the market of the comparative superabundance.

The opening of the markets of the north of Europe has been supposed to have caused the fall in the price of grain in the years 1814 and 1815; but this could not be true, unless considerable quantities of grain were poured in from those quarters. The quantities of *foreign* grain imported into Great Britain, to compete with that of home growth, in the years 1814, 1815, and 1816, may be seen from the following tables, which shew the quantities of wheat, oats, and barley imported into Great Britain from all parts of the world (except Ireland), the quantities exported, and the quantities left for home use in those years.*

Years.	WHEAT.		OATS.		BARLEY.	
	Imported.	Exported.	Imported.	Exported.	Imported.	Exported.
	qrs.	qrs.	qrs.	qrs.	qrs.	qrs.
1814....	600,845	111,478	247,949	46,945	26,687	54,118
1815....	133,833	237,947	130,314	29,608	2,033	8,303
1816....	202,304	121,611	75,277	32,470	14,864	33,691
Total..	937,011	461,036	443,540	109,023	43,584	96,011

* The 'Edinburgh Review' for January, 1833, speaks of the fall of prices being partly caused by importations from Dutch ports.—Page 396

IMPORTS OF GRAIN.

	Imported.	Exported.
	qrs.	qrs.
Wheat.....	937,011	461,096
Oats	443,540	109,023
Barley.....	45,584	96,011
	1,426,135	666,070
Deduct	666,070	
	760,065	qrs. excess of imports.

Thus we see that, in the whole of these three years, the quantities of wheat, oats, and barley imported, beyond the quantities exported, were only 760,065 qrs. or an average of 253,355 qrs. in each year. A quantity which, instead of being large, was unusually small, and incapable of producing any effect worth estimating on the markets of this country. It follows that the depression of price which resulted from quantity is attributable to the superabundance raised from British soils; and that superabundance was the effect of previous high profits having stimulated agricultural capitalists to push cultivation to a great extent.

The Bank of England notes in circulation were

In 1813..... £24,024,869.

1814..... 28,978,876.

1815..... 27,024,049.

Supposing the whole circulating medium, at that time, to have been about 60 millions, as the Bank of England notes in existence were to the amount of only from 24 to near 29 millions, the remainder must have been from 36 to 31 millions: and of these a large part must have consisted of country bank notes. These notes, indeed, together with bills of short dates, formed the currency, above the value of silver coins, of nearly the whole country, excepting London and its neighbourhood and Lancashire. They had, to a great extent,

been issued by country bankers to accommodate farming capitalists; the high prices of their produce having procured for farmers ample credit, and enabled them, with facility, to borrow these notes; and the same high prices tempted them to expend money freely in pushing the cultivation of that produce which had brought such high prices. But, in 1813, abundance began to lower its price, wheat having been, according to the prices paid at Eton College, at 17s. a bushel at Lady-day, and at only 13s. a bushel at Michaelmas, of that year. By the Lady-day of 1814 it had fallen to 10s. 9d. per bushel.

This continued fall in the price of grain would naturally alarm the more cautious of the bankers, and credit would not be quite so easily obtained. Hence a diminution in the amount of country bank notes in circulation would take place, as really occurred in 1815; and this, by accelerating the fall of prices, would increase the alarm, and diminish still further this species of currency. All the agricultural part of the country would now be similarly affected; the whole amount of country bank notes and bills in circulation, and, consequently, the amount of the currency, would be reduced; and, not only the prices of landed produce, but also the prices of bullion, would fall.

That a process of the kind, and to the extent here described, took place at this time, there is ample evidence on record. Mr. Wakefield stated, in evidence before the agricultural committee, in 1821, that "down to 1814 there were banks in almost all parts of England forcing their paper into circulation at an enormous expence to themselves, and, in most instances, to their own ruin. There were bankers who gave commission, and who sent persons to the market to take up the notes of other banks; these people were called money-

changers, and commission was paid to them." (See the report of 1821, page 213.)—And Tooke says, "the interval, therefore, between the close of 1811 and the beginning of 1814, united once more the conditions on which a great extension of private paper, and of transactions on credit, has been shewn to depend; and there is concurrent testimony that such extension did really take place to a very considerable degree during that interval."—Tooke on prices, vol. 1, page 128.

In the 'Edinburgh Review' for January, 1833, it is said, that, "among the various answers to the queries sent by the board of agriculture, in 1816, to the most intelligent persons in different districts of the country, there is hardly one in which the excessive issue of country bank notes is not particularly mentioned, as one of the principal causes of the enormous rise of rents and prices, previously to 1814." And in Macculloch's 'Commercial Dictionary,' it is stated that prices "sustained a very heavy fall in the latter end of 1813, and the beginning of 1814. And this fall having proved ruinous to a considerable number of farmers, and produced a general want of confidence, such a destruction of provincial paper took place as has rarely been paralleled. In 1814, 15, and 16, no fewer than 240 country banks stopped payment, and 92 commissions of bankruptcy were issued against those establishments, being after the rate of one commission to every $7\frac{1}{2}$ of the total number of banks existing in 1813." (See p. 70.)

These extracts sufficiently shew the state of the farmers at this period. At Lady-day, in 1815, at Eton, the price of wheat was 10s. per bushel, and at Michaelmas 9s. The landed interest, both landlords and farmers, were alarmed; and imagining that the low prices, which originated in superabundant production from our own lands, were either caused or aggravated

foreign importation, resolved upon having a corn bill to protect the home producer from foreign competition. To say that this bill had no effect in impeding the fall of the prices of grain, would be rash and erroneous; but that it did not keep up prices as its promoters and advocates expected, was shortly afterwards experienced and acknowledged. This bill prohibited the importation of foreign wheat into Great Britain until the price rose to 80s. per quarter, and all other grain was *protected* in a similar way.

It was soon discovered that the corn law did not raise the prices of grain. Indeed, if the view we have taken of the causes of the reduction of the prices is correct, it was impossible for the law to have had that effect. By preventing foreign grain from coming freely to the market, in competition with that of home growth, it prevented prices from sinking so low at the time as they otherwise would have done, but that was all it could do. It was necessary that the abundant supply should be taken off, and that a comparative degree of scarcity should be experienced, before even those who were able would be disposed to keep back their stocks, and thus suffer the demand to raise the prices.*

The low prices of landed produce, as the results of a superabundant supply, acting upon a paper money such then formed a considerable part of the circulating medium, though now they may appear to the enquirer obvious and natural, and such as must have flowed from the causes which were then in operation, were, at the time, attributed to various other causes. Foreign importation was the first thing complained of; as it

Mr. Jacob stated, in his examination by the agricultural committee, 1833, that, "in 1816, at the time of the harvest, there was a stock of wheat in hand equal to six months' consumption, owing to the abundant crops of the three preceding years."

was said that even a small quantity of foreign corn had a great effect in lowering the English market price. But when the protecting enactments of the corn law produced so little effect, other causes for the fall in price had to be discovered. And, as the Bank of England, according to law, would be liable to pay their notes in gold in six months after the termination of the war, many persons attributed a reduction of the currency, and a consequent increase of its value, to preparation for that event: this is now known to have been a mistaken opinion. The bank had in circulation, on the average, during the years 1815 and 16, above 27 millions, being a higher average amount than they had kept out at any previous period of equal duration. An apprehension of the effects which would result from a sudden contraction of bank issues had induced the government to postpone the period for the resumption of cash payments, and the bank made use of the power thus given, to extend, instead of contracting, their issues; and in 1817 they had in circulation upwards of 30 millions of notes. There can be little doubt that this increase of the amount of Bank of England notes, at the time that the country notes were so much reduced, was attended with good effects. Had it not been for the increase prices would have fallen still lower than they did; and it would have been much more difficult for debtors to meet their engagements. There would, in all probability, have been a worse panic than there was, and such a one as occurred in 1826; the country would have been commercially convulsed, and peace would have been looked upon as incompatible with British prosperity, as, indeed, it was by many at the time said to be. Gold would, probably, have sunk in currency price below £3. 17s. 10½d. per ounce, and then it would have flowed back into the country to

supply the place of paper, if any more was withdrawn from circulation. There is, however, scarcely any room to doubt, that, if the war had continued, and the superabundance of landed produce had caused a contraction of country notes, that nearly the same effects would have been experienced as those which took place after the peace, more especially if the Bank of England had not increased their issues much beyond what they did.

The fall in the prices of food operated, for the time, in favour of the great mass of the labouring people. It has been shewn that the prices of labour do not rise with the rising prices of food, and it is equally true that they do not fall with falling prices. There was, therefore, a period, during the fall of prices, in which the condition of the labourers was somewhat improved; but, by 1816, the reduced means of the farmers obliged them extensively to decline giving full employment to all the agricultural labourers. Evidence of this is to be found in the replies to questions circulated by the board of agriculture in that year, by which time the labourers had to participate in the distress of their employers. The amounts expended for the relief of paupers, in England and Wales, and the prices of wheat, were,

	<i>Sums Expended.</i>	<i>Price of Wheat per quarter.</i>	
	£	s.	d.
In the year 1812	6,656,105	125	6
„ 1813	6,294,584	120	0
„ 1814	5,418,845	73	9
„ 1815	5,724,506	66	3
„ 1816	6,918,217	76	2

Thus we see that the sum expended for the relief of the

poor declined in the commencement of the fall of prices, and before the farmers were much impoverished; but, by the year 1816, though the price of wheat was only 72s. 6d. per quarter, the amount expended was £202,112. more than in 1812, when the price was 125s. 5d. per quarter.

From these facts we are enabled to trace the particular workings of the system, which had so long been followed by the then government, on the condition of the agricultural part of the community, both farmers and labourers. The latter had to suffer from the general effects of that system in the reduction of real wages; and the former had to experience the consequences of those measures, which, adding to natural causes acting in the same direction, gave them, at one time, double, or perhaps triple profits, and thus stimulated them to an extension of production, which, at last, glutted the market, and brought down the prices to nearly one half the previous highest rate;—that highest rate having been attained partly through the means of country bank notes, the withdrawal of which, on a decline of price, reduced it greatly below what it would have reached had the country had an equal quantity of currency, not liable to be annihilated when most wanted.

The manufacturing class was somewhat differently affected by the circumstances of this period. A great abundance of agricultural produce always gives to them a temporary advantage; for, those commodities which they obtain in return for their labour, or for the produce of their labour, being cheaper, they get a larger portion in exchange for their manufactures, or, in other words, the real wages of manufacturers rise. But, in addition to this temporary source of comparative prosperity to the manufacturing class in general, the opening of new markets, at this time, on the continent of Eu-

rope, by the defeat of the French, caused a great demand for such British goods as were exported. The kind of effect produced may be seen from the price paid for weaving a piece of calico, already adverted to, which, in the year 1808, and again in the year 1811, was only 5s. 6d., but it rose in 1814 to 10s.; and this may be taken as a specimen of the general advance which took place in nearly every article of cotton manufacture in the spring of that year. This advance was, however, principally the effect of speculation. It was generally believed that the demand for British goods, in the newly opened markets, would be so great as to enable the holders to realize almost any price; but a short time was sufficient to dissipate this delusion. By the autumn of that year it was discovered that the high prices could not be sustained, and they rapidly declined in the Manchester market. The account of the sums paid for weaving a common calico, as given in the Lords' report, do not come down later than 1814, but the alteration in the prices paid for weaving may be seen in an account of those prices given in Marshall's 'Statistical Illustrations;' and, to enable us to continue the comparison progressively, from time to time, the prices of weaving a common calico, from the Lords' report, are given up to 1814, with the prices paid for weaving a six-quarter cambric, 12 yards long, as given by Marshall.

In the years	1812	1813	1814	1815	1816				
	s. d. s.	s. d. s.	s. d. s.	s. d. s.	s. d. s.				
For weaving a common calico..	6	6	8	0	10	0			
For weaving a 6-4ths cambric, } 12 yards	8	0	7	0	13	0	6	4	0

Here we see that the price paid for weaving this cambric advanced from 8s. in 1812, to 13s. in 1814;

but by 1816 it had sunk to only 4s., being just one half the sum paid in 1812. It is evident that the advance arose from erroneous speculation, as the then concealed, but effective causes of decline in prices were in full operation, and exhibited their effects pretty palpably in 1815, and still more decidedly in 1816, and following years. When comparing prices of different periods, however, we should recollect that the currency had now become less depreciated; and due allowance should be made for that circumstance. Taking the 8s. paid in 1812 to have been in a currency depreciated 10 per cent. below that of 1816, we still have more than 7s. paid in the former, and only 4s. in the latter year.

In 1815 the total net expenditure was £95,588,927. and the net income from taxes was £76,831,368. leaving a deficiency, to be made up by borrowing, of £18,757,559. This expenditure arose partly from winding up the accounts of the war.

In 1816 the expenditure was only £63,440,597., but as in that year the property tax was repealed, which had brought in £15,225,000., the net revenue was reduced to £64,294,490., leaving a surplus of £851,892. The gross revenue taken from the people, and which included the expence of collecting was about 69 millions.

At the commencement of the war in 1793, a transfer of labour from peace to war employments caused a great derangement among the productive classes. And to another transition, from a state of war to a state of peace, the ruling powers of the day, and those who supported them, ascribed all the distress which was experienced in 1816. It cannot be denied, that, to divert capital abruptly from its ordinary form of employment, is always attended with loss, and commonly with distress; but we have seen that there were other causes in operation at the time, which must have

produced great distress if the war had continued. The transition from a state of war to peace undoubtedly added to the distress, but was neither the sole nor the principal cause of it.

When, through agricultural distress, country bank notes were extensively driven or withdrawn from circulation, the Bank of England were urgently applied to for extended accommodation; and, being relieved from immediate apprehension of having to pay their own notes in gold, they materially extended their issues. Now, had the war continued under these circumstances, it is very likely that, when low prices had taken the superabundance of grain out of the market, the prices would have recovered—country bank notes might again have been put out to as great an extent as before—the currency might have been even more depreciated than in 1812; and the mint standard of value might, in the end, have been altered. In this way it is quite possible that a continuance of the war might have given rise to a measure which would have had a beneficial effect in relieving the people from a part of the burden of fixed money payments. But it was considered that the peace rendered it necessary that preparation should be made for returning, at no distant period, to the old metallic standard of value, and for repealing the bank restriction act. This not only induced the Bank of England to begin to reduce the quantity of their paper in circulation, and to increase their stock of gold, but it also compelled country bankers to limit their issues, as they also would be more liable to be called upon to pay in gold. Such considerations, no doubt, induced a more cautious issue of notes; and the quantity of currency was kept down nearly to what it would have been if the exports had been suffered to draw gold from the

commercial world to furnish a metallic currency for Great Britain. The bill, commonly called 'Peel's bill,' passed in 1819; and it caused such preparation to be made as removed a *depreciation* of $16\frac{1}{2}$ per cent. from the currency of 1816, and 3 or 4 per cent. from that of 1817 and 18, and at last restored the currency to its old standard value. But any further alterations in the value of the currency, and of general money prices, are attributable not to 'Peel's bill,' but to other causes, which would have had as powerful an influence on the exchangeable value of *gold* if 'Peel's bill' had not passed. That bill enacted that the Bank of England should be liable to pay their notes in gold in 1823, and in the interim to pay them in gold bars at standard value, of not less than 60 ounces weight. But the bank, having acquired a large stock of gold in 1821, commenced paying in coin on the 21st of May of that year. And thus terminated the period, during which, under the sanction of law, the currency was 'depreciated' by an excessive issue of paper, which increased its quantity beyond that which would have been determined by the supply of gold.

The view here taken accords with the facts respecting the issues of the different kinds of money which made up the currency of the period, as far as we have accounts of them. The amount of country bank notes in circulation is not easily ascertained: the following, as far as respects country bank notes, is from tables made by Mr. Mushet, from the returns of Mr. Sedgwick, chairman of the board of stamps.

<i>(In £ &c years</i>	<i>Country Bank Notes in circulation in each year, ending October 10.</i>	<i>Bank of England Notes in circulation in the last week in August. (Marshall.)</i>	<i>Bank of England Notes in circulation under £5. (Pebrier.)</i>	<i>Total of Country Bank Notes and Bank of England Notes in circulation.</i>	
	£	£	£	£	
1813..	22,597,000	24,024,869	7,875,375	46,621,869	
1814..	22,709,000	28,978,876	9,005,310	51,687,876	
1815..	19,011,000	27,024,049	9,258,890	46,035,049	
1816..	15,096,000	27,075,854	8,616,740	42,171,854	
1817..	15,898,000	30,099,908	8,064,710	45,997,908	
1818..	20,507,000	26,602,838	7,463,305	47,109,838	
1819..	17,366,875	25,657,610	7,294,735	43,024,485	

<i>(In £ &c years</i>	<i>Gold coined. (Marshall.)</i>	<i>Gold Coin in the hands of the Bank. (Pebrier.)</i>	<i>Average amount of Gold & Silver Bullion held by the Bank.</i>	<i>Prices of Gold per ounce. (M^culloch.)</i>	
	£	£	£	s.	d.
1813..	....	....	....	101	0
1814..	....	....	....	104	0
1815..	....	1,631,000	2,179,147	93	6
1816..	....	1,468,000	3,399,114	93	6
1817..	4,275,337	1,366,000	7,504,284	80	0
1818..	2,862,374	3,311,000	11,109,381	80	0
1819..	3,574	4,805,000	6,721,617	81	6

By an inspection of this table, it may be seen that the increase in the amount of bank notes in circulation from 1813 to 1814 was £5,066,007., and yet, during this increase, wheat fell from an average of 120s. to 73s. 9d.! The effect of the issue of so large an amount of paper at this time, on the value of the currency, may be seen in the price of gold, which shewed a depreciation of the currency in 1813, according to Mr. Tooke, of above 25 per cent.* In 1815 the amount of country

* The accounts of the prices of gold vary. The following are given by

bank notes was reduced more than $3\frac{1}{2}$ millions, and of Bank of England notes nearly 2 millions, which brought down the total amount a little below what it was in 1813. In 1816 country notes were reduced nearly to 15 millions, and in 1817 they were not quite 16 millions, while the Bank of England notes were increased to above 30 millions! In 1818 country notes came out again freely, and Bank of England notes were withdrawn, yet the whole amount of notes in circulation was greater in this than in any preceding year, except 1814; and, in this year (1818), the gold which the bank had issued must have been added to the circulation. In 1816 they had coined gold in hand amounting to £1,468,000., and in the two following years they had gold coined to the amount of £7,137,711. which, if they had kept the whole, would have given them £8,605,711. of gold coin. But, instead of this sum, they had only £4,805,000. in 1819; so that they must have put into circulation, at this time, nearly 4 millions of gold coin, a sum almost equal to the reduction in their notes from the highest point in 1817, to the amount in 1819.

Mr. Tooke, in his work on prices, and by Mr. M'Culloch, in his 'Commercial Dictionary.'

Yrs	Tooke.	M'Cul- loch.	Yrs	Tooke.	M'Cul- loch.	Yrs	Tooke.	M'Cul- loch.
	s. d.	s. d.		s. d.	s. d.		s. d.	s. d.
1800	.. .	77 10½	1808	....	80 0	1815	....	93 6
1801	85 0	1809	....	80 0	1816	....	93 6
1802	84 0	1810	85 0	90 0	1817	....	80 0
1803	80 0	1811	93 6	84 6	1818	....	80 0
1804	80 0	1812	101 9	95 6	1819	....	81 6
1805	80 0	80 0	1813	110 0	101 0	1820	....	79 11
1806	80 0	1814	98 0	104 0	1821	....	77 10½
1807	80 0						

Mr. M'Culloch's table being the most full and recent, and professedly taken from official documents, I have adopted it; but a little difference in taking the averages will give different results.

That we may be the better enabled to trace the causes which were at work at this period, the following table of facts, relating to the four years, 1816 to 1819, both inclusive, is given.

Yrs.	Expenditure.	Wheat, average of 3 pr. per Qr.	Prices of 3 pr. Cents.	Assessments for the relief of the poor.	Sums expended in the relief of the poor.	Prices paid for weaving a 6-4ths cambric.
	£	s. d.		£	£	s. d.
1816..	63,440,597	76 2*	62	8,128,418	6,918,217	4 0
1817..	49,317,435	94 0	76½	9,320,440	7,890,148	4 0
1818..	48,486,721	83 8	78½	8,932,185	7,531,650	5 6
1819..	48,438,396	72 3	72	8,719,655	7,320,594	4 0

The amount of government expenditure in 1813 was £109,054,125., and, by the price of gold, the currency was then depreciated 22½ per cent., which would give an expenditure, in gold value, of £84,863,697.; and, from the table, it appears that not more than £48,438,396. were expended in 1819. Now, whether we estimate the amount of the difference in gold or in wheat, we shall find that the government took from the people a much smaller amount of wealth in the latter than in the former year; and, as the government took less, more should have been left with the people, to be by them enjoyed. The same observations will apply with more or less force to each of the intermediate years.

But the extent of parish relief which was necessary for the poor, does not indicate any improvement in their condition; as, in 1813, a sum equivalent to about 1,200,000 quarters of wheat was sufficient for their relief; whereas, in 1819, a sum equal to more than 2,000,000 of quarters was required. Who, then, obtained that amount of wealth which the government ceased to take from the community? The derangement arising

* Marshall, page 101. These are the prices of a medium quality.

out of a transition from war to peace employments might have some effect on particular classes, but could not produce any extensive and long continued general effects. To account for the little relief experienced at this time by the people, from the less lavish expenditure of the government, we must advert to the nature of the particular burdens removed.

The drains of the government were first lessened by the cessation of loans; but, although this would be ultimately followed by a rise of wages to the same extent, the effect would not be immediately felt. It would be necessary that the amount of wealth, which had been annually taken up by the government in loans, should be left to be employed as capital, in competition with the other existing capital; and that thus profit should be reduced, and wages made to rise; but this operation would require time. When a loan is first made at the breaking out of a war, the rate of profit does not rise on all capital instantaneously, but only on that portion which is in what is called the London market—that is, the money in the hands of speculators, bill discounters, and bankers; and from them the rise, in due time, extends to all circulating, and, finally, to all fixed capital. When loans cease, the rate of profit does not immediately fall on all capital. The capital must first accumulate in the hands of its owners, and come into competition with circulating, and, also, with fixed capital, and it is only when it has reduced the rate of profit on the latter, that the full effect on wages is experienced. This view of the effects of a cessation of loans will account for the labouring class not experiencing immediate relief equal to the amounts left in the hands of the capitalists. The tendency to a decline in the rate of profit may, however,

be traced in the rise of the prices of 3 per cent. consols, which were, in 1816, at 62, but, by 1818, had risen to 78½; so that, in the former year, £62. obtained an annuity of £3. whereas, in the latter year, it required £78. 15s. to obtain the same annuity.

. It so happened also, that, in taking off taxes, that course was pursued which gave the least relief, either immediate or final, to the labouring part of the community; for, instead of taking off those taxes which pressed immediately on them, and thus affording them relief in the most direct way, and in the shortest time, the property-tax was repealed; a tax the only one which did not come finally out of the pockets of the labourers, and from the repeal of which, relief to them, to any considerable extent, would come the most circuitously, and at the most distant period. The property-tax was paid principally by land proprietors, fundholders, and capitalists. Now, of these, the fundholders would be immediately benefited to the full amount of the tax; and, as the government had less command over the wealth produced by the people, the fundholders would have just so much more command. The sum would be merely *transferred* from the government to the *fundholder*, both being net receivers; and, with reference to the condition of the productive classes, it was of no consequence whether the government or the fundholder expended the amount. Land proprietors, also, while they received the same rents, would find that the repeal of the property-tax left them so much more to expend; and, instead of the government, *they* would have the command over, and *would consume*, the amount of the tax.

. When a tax is imposed on capitalists, in whatever shape it may be taken, the rate of profit, eventually,

risers equal to the tax, as has been before explained; and it follows, that, when a tax advanced by capitalists is repealed, the rate of profit will fall equal to the tax. But the effects are not simultaneous—they do not take place at the same time. The property-tax being repealed, the capitalist would, for a time, have the previous high rate of profit which was caused by the tax, although he would have ceased to pay it. His net profit would, therefore, be higher than was requisite to keep up the existing stock of capital; and, in a little time, capital would become more plentiful. Profit would then fall, and when it had fallen equal to the tax, the condition of the labourer would be so far improved by the repeal of the tax. These considerations are sufficient to shew that the condition of the poorer part of the labouring class could not be immediately improved by a repeal of the property-tax, and was not likely to be ever improved by it, beyond what the fall in the rate of profit would accomplish.

Such being the only alterations consequent on the reduction of the expenditure of the government during the first four years of peace, no surprise need be felt at the benefit of that reduction not reaching the great mass of the people. The land proprietors and fundholders were most palpably and materially benefited; and the capitalists had a temporary advantage in the repeal of the tax; but the labourers had to endure their privations, and what they were is shewn too plainly in the sums necessary to afford them relief up to the year 1819.

The foreign commerce of the country, during the same time, appeared to be extremely flourishing; the exports had greatly increased in quantity, and grain had been imported to a large amount, the money prices

having kept up to a high rate in a currency not much depreciated. The exports and imports may be seen in the following table :—

<i>In the Years</i>	<i>British produce & manufactures.</i>		<i>Official value of imports retained for consumption.</i>
	<i>Declared value of exports.</i>	<i>Official value of exports.</i>	
	£	£	£
1816.....	40,328,940	34,774,520	12,933,255
1817.....	40,337,118	39,235,397	19,647,049
1818.....	45,188,250	41,963,527	24,983,998
1819.....	34,248,495	32,923,575	19,775,664*

From this table it would appear that the nation was in a flourishing condition. The quantities of exported goods had increased from £34,774,526. in 1816, to £41,963,527. in 1818: although there was a falling off in the quantity exported in 1819, it having been in that year only £32,923,575. Yet the poor required more relief than at any former period. Here, then, we have the government expenditure reduced from £84,863,697. of gold value in 1813, to £48,438,396. in 1819, with an increasing foreign commerce, and, at the same time, the numbers and productive power of the people were known to have augmented, and yet distress increases! How is this to be accounted for? There must have been counteracting causes at work; and these we must endeavour to trace out, following them through their particular modes of operation, to their final effect on the condition of the people.

The first of these, to which we shall advert, is the restoration of the currency to the standard value. The currency was, for some time prior to, and including

* Marshall, page 99.

1813, *depreciated*, say, 20 per cent. But from that time, with some fluctuations, down to 1821, the depreciation became less, until in that year it ceased, as gold was then at standard price. In stating the reduction of government expenditure, we have allowed for this depreciation in 1813, by taking the amount in gold, and not in the currency of that period. But there are other fixed money payments which the productive part of the people may have to make, and which, in fact, the British people had to make, to a considerable amount, at this time. These are annuities of various kinds: sums engaged to be paid by lease for all kinds of mines, buildings, houses, warehouses, mills;—compositions for tithes, mortgages, &c., and, lastly, rents of lands. These having all to be now paid in a currency increased in value 20 per cent., would, in effect, cause 20 per cent. more of produce to be taken from the payers, and given to the receivers. Whatever might be the form in which the payment might be made, this would be the real effect. Every payer would have to part with 20 per cent. more goods to obtain the money wherewith to pay, and every receiver would, in the money which he received, obtain the power of purchasing and consuming 20 per cent. more of the produce of labour. Now, as the body of receivers are of the wealthy and unproductive class, and the payers are of the poorer and productive classes, the former would be the gainers, and the latter the losers by the rise in the value of the currency. It has been sufficiently explained before, that, whatever burden the capitalist may have to bear, it affects him only temporarily; and when capitalists, in this way, were generally obliged to pay annuities 20 per cent. more in value, the gross rate of profit would be proportionately

kept up, and the whole effect of the alteration in the value of the annuities would fall on the labouring classes, and would be, finally, taken from wages. The rent paid for land at the end of the war has been supposed to have been 40 millions, and rents did not then fall, as a strong expectation was generally entertained that prices would again rise. The passing of the corn bill of 1815 contributed to the fixing of this expectation; and, in point of fact, rents did keep up to the war rate, or rather to the rate paid in the low-valued currency. If we imagine all other annuities, payable by the productive classes, to have amounted to 10 millions, it will give a sum to be paid of £50,000,000., and this, in a currency increased in value 20 per cent. would command as much wealth as 60 millions would previously have done. Even if we suppose the whole of these annuities to amount only to 40 millions, then these 40 would be equal in value to what 48 would have been in the depreciated currency. As we find the annuities to be either 40 or 50 millions, we shall have to conclude that the cessation of a depreciated state of the currency was equal to an additional tax of either 8 or 10 millions sterling in that currency, and the labouring class finally lost, and the receivers of the annuities gained, that amount, by the rise in the value of the currency to the old metallic standard of value.

But the restoration of the currency to an undepreciated state was not the only alteration which it underwent at this time. Gold was rising in its exchangeable value, from an alteration in those circumstances which had previously determined it to flow towards this country with a strong force. The tendency of gold to flow into or towards the country became, at this period, weaker, or it ebbed back from the country; and had

the currency been made up entirely of gold at the time, gold would have flowed out until the quantity was reduced, and prices had sunk to a lower level. The existence of paper money, when that paper was made liable to be paid in gold, did not, however, keep up the quantity of currency materially above what it would have been, if constituted of gold alone; as the paper was reduced to the quantity to which the gold would have amounted in the absence of paper. And as gold either ceased to flow towards this country with equal force, or ebbed back from it, paper was obliged to be taken in, to preserve it at the same level as the gold. If this had not been done gold would have become relatively scarce, and would have risen in paper price, instead of falling as it did. Country bank notes must, at this time, have been withdrawn from circulation to an extent sufficient not only to put an end to the depreciation of the paper below gold, but also, to an extent sufficient to make its value rise equal to the rise that was taking place in the exchangeable value of gold itself. As there was a two-fold reduction in the value of the currency during the progress of the war, first from a fall in the exchangeable value of gold, and afterwards from an excessive issue of paper; so there was now a two-fold rise in the value of the currency, first from a withdrawal of paper to an extent sufficient to remove the depreciation arising from the *excessive* issue of paper, and afterwards sufficient to raise its value equal to the rise in the exchangeable value of gold. The reasons for asserting that gold itself rose in value at this time, we now proceed to state.

The returns of the official values of the commodities exported express their quantities, and the declared values give the currency prices of the period. If, there-

For, we allow for the *depreciation* of the currency at the time, we may obtain the aggregate value of the exports in gold, or their bullion values. Now, by comparing the bullion values with the quantities at successive periods, we find what alterations were taking place in the power of the exports to command gold, in the great market of the world, and to determine it to flow towards this country. The official and declared values, the latter being reduced to gold value, and expressed in millions, for the following periods, will shew the alterations which were taking place. In the period of

5 yrs. from 1798 to 1802,	the gold value was 201,	the official, 120,
6 yrs. „ 1803 to 1808,	„ 236,	„ 140,
6 yrs. „ 1809 to 1814,	„ 212,	„ 190,
5 yrs. „ 1815 to 1819,	„ 192,*	„ 190.

Here we perceive that, while the quantities of goods exported increased from 120 in the first period to 190 in the last, the gold value fell from 201 to 192. The quantities increased about seven-twelfths, and the gold value decreased about one twenty-second part, shewing that the power which any portion of the exports possessed to command gold had considerably declined. The command over gold seems to have been about the same during the two first periods, as, in both of them, the gold values were to the quantities as about 20 to 12, in the third period a great alteration took place, and the gold value was to the quantity only as 20 to 18, and in the last period we see they are nearly as 20 to 20.

It thus appears that the improvements effected in the production of British exports commanded a more

* 209 millions were the amounts in these 5 years, from which take $8\frac{1}{2}$ per cent. for depreciation, and the gold value, in round numbers, will be 192 millions.

copious supply of gold from the rest of the world up to the period terminating in 1808; but, after that time, either from abundance of supply of exports, or from foreign competition, or from both of these causes together, the power of commanding this supply of gold was weakened. Up to 1808, as gold was procured at comparatively little cost in products, its exchangeable value was low; but, after that period, as more goods had to be given for gold, it was obtained at a somewhat greater cost in products, and its exchangeable value began to rise, slowly at first, and not very perceptibly; but, by the end of 1814, it shews itself plainly in the reduced gold prices of the exports, and must have affected the general prices of all commodities produced and consumed within the country. The alteration was, partially, concealed for a time, by paper remaining in circulation in a depreciated state; but, when a part of that paper was withdrawn by country banks, in consequence of the superabundance of grain, and its decline in price; and, more especially, when the banks found that they must prepare for paying in gold, and the issuers of paper were compelled to draw it in, until it acquired the value of gold, the decline of prices became general and palpable.

But the improvements in the production of exports, and the consequent low exchangeable value of gold in the first instance, and the subsequent rise of that value on the falling of the selling prices of the exports, could not have been a simple or uniformly progressive operation. The improvements were successive; but, when the earliest improvement had had its maximum effect, and when the fall in price of the article made by it was about to suffer gold to recover its value, another improvement might be, and, in point of fact,

was made. In this way the great power over foreign gold first, and reduction of price to the foreign consumer afterwards, might proceed in all imaginable degrees of relation to each other. The article which had required 40 days' labour, upon being produced with 30, would determine some certain supply of gold, which would raise money prices to some given height, while, at the same time, an increasing supply of this article might be lowering its own price in the foreign market, and, at last, might lower it so much as to cause the supply of gold to begin to decline. But now the other improvement might take place, and the same article be produced in 20 days. The reduction of its price might become, say, equal to the extent of the first improvement, the foreigner getting it for only three-fourths of the gold he had given previously to any improvement. But the second improvement beginning now to produce its effect might be sufficient to keep the supply of gold strong, the currency full, and its value low. In time a superabundance of the doubly-improved article might sink its price still lower, and the foreigner might obtain it for, say, the price of 28, 26, or 24 days' labour; and in this way, at last, the improved article being produced and exported in sufficient abundance, the whole benefit might, finally, be absorbed by the foreign consumer; the price sinking in a ratio equal to the whole improvement, and British labour commanding only the same quantity of gold as it did previously to the first improvement.

In the earlier progress of these alterations, the money prices of the improved exported articles would be thus raised, compared with the quantities of labour required for their production, as would also the prices of those articles produced in an unimproved way—the earlier

effect of a more full supply of gold being to raise the gold prices of all things. Now it is clear, that if the exports were made up of goods, in part produced in improved, and in part in unimproved modes, that the fall which, in time, would take place in the former might be counterbalanced by the rise in the money prices of the latter, and thus the aggregate quantities and prices might preserve about the same relation to each other. It seems tolerably evident that the unvarying relation of quantity to price, in the whole of the period from 1798 to 1808, was preserved in this way. A fall took place in the prices of the improved articles, while the unimproved rose in price, and the two alterations balanced each other; but, after that period, the fall appears to have continued in the prices of the improved articles, while either but little or no further rise took place in the prices of those which were unimproved. Indeed, it seems that even a constant succession of important improvements cannot raise gold prices beyond some certain height, as the rise first checks, and, if carried sufficiently far, at last destroys, the export of articles produced in an unimproved way. This drives more labour and capital to the production of the improved articles; and the result, in no long time, is a superabundance of those articles, and a reduction of their selling prices in foreign markets. At the same time, as the general rise of money prices raises the prices of all articles produced in an unimproved way, a strong stimulant is presented for the more extensive importation of those articles from other countries.

The money prices of food, as well as of other articles similarly produced, rise when there is a general rise of money prices; but this makes their home prices so much above the foreign prices, as to tempt to an increase of

their importation ; and this increase tends to take gold out of the country at the same time that cheaply produced exports, selling at high prices, tend to bring it in : and, the two forces acting in opposite directions, an equilibrium is established which leaves money prices at some certain level. If, by prohibiting importation of grain, you weaken this counteracting force, you may keep up prices to a higher range ; and the check to higher prices, arising from importation, may be then found in some other article, the difference in the prices of which, in the home and foreign markets, offers the greatest inducement to importation. If importation should be generally clogged and impeded by high import duties, the range of prices might be carried still higher. In fact, under such a system, the smuggler might become the regulator of the quantity of currency, and the determiner of the range of money prices.*

Impeding importation would not, however, permanently secure very high money prices, because the high prices of the exports would check their sales in foreign countries ; and that check, acting together with competition in the production of the exports at home, would lower their selling prices to such a rate as would give only common profits and wages in Great Britain. If money prices were now much higher in Great Britain than in foreign countries, the British producer would have an inducement to go to another country, where money prices were low, and become the rival of his countrymen in foreign markets. Foreigners, also, would establish rival manufactories, and the higher the range of money prices in Great Britain, the stronger would be the inducement to establish them ; so that

* In Spain this appears actually to have occurred.

Effect
of a sup-
ply
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the final effect of a system which should aim at keeping up a high level of gold prices would be an earlier transfer of the improved manufacture to other countries.

The effect of exporting articles made in an improved way is, then, to lower the exchangeable value of gold, or to raise the gold prices of commodities to some certain height, when counteracting causes begin to operate, and, at last, limit the possible height to which prices can be carried. The prices may remain at some high level for a greater or less time, according to the extent of the improvements, the opportunities for counteraction by importation, or the facilities for establishing rival manufactories in other countries. At the period of which we are treating, all these causes were operating, with more or less force, from time to time. The improvements in the cotton manufacture, in particular, were great and progressive; gold was procured for little labour, in return for exports, and gold prices rose. The superior profits and wages at first obtained in that department of manufacture, caused a great extension of the manufacture at home, while rival establishments were appearing in other countries; and the effect, in due course of time, was a decline in the selling prices of the articles, which gave a larger part of the benefit of the improvement to the consumer, and reduced the power of the producer to command gold. Gold prices then began to fall, while the superior facilities, presented by a state of peace, for importation, counteracted more strongly the effect of cheap exports. This superior facility for importation was checked by the corn-bill, but the importation of other articles had its degree of influence; and when an equilibrium was established, it was at a lower range of money prices than that which existed during the war.

The alteration in the value of the currency was not then attributable solely to withdrawing enough of paper to restore it to a level with gold, but also to a rise in the value of gold itself.

Mr. Jacob, Mundell, and others, have contended that the reduction of prices, since 1812, is the effect of a falling off in the supply of the precious metals from the mines; but the evidence they adduce is of a very unsatisfactory nature. If the decline of prices had been the result of a reduced supply of the metals, that decline would have been experienced throughout all the countries of the commercial world; but no such decline took place. The general range of money prices in continental Europe has remained about the same during the last 40 years. The great general alterations in prices, during that period, have been local, and confined to Great Britain, or to articles dependent on the market of Great Britain.

M. Say, in answer to enquiries made by Mr. James,* says, "you address to me several questions, of which the principal is to know if prices have undergone, in France, the same revolution as in England? As regards the precious metals, I can answer, no. As regards wheat, the prices have never been more variable than within the last 20 years. There have been very good crops, and very bad crops; and the contracts for the armies, made sometimes at any price, augmented the effects of the vicissitudes of the seasons. The medium price of wheat, in the important market of Roye, in Picardy, one year with another, for the 14 years ending in 1816, was nearly 29 livres for the septier of Paris; but this price is evidently too high, as these 14 years

* The letter appeared in the 'Morning Chronicle' of August, 1822.

contain two years of famine, and three epochs of supplies for Bonaparte, for the important campaigns of Moscow, of Leipsic, and of the hundred days."

"The price of colonial produce has fallen much in France; but this proves nothing more than the advantage of having the sea free." . "Although it is difficult, consequently, to judge of the value of money, after the variation in the price of such and such an article, nevertheless, we can state that things generally have not fallen in price in France since the depreciation and the restoration of the paper money in England, except as far as particular circumstances may have contributed, as the introduction of cheaper and more expeditious processes of fabrication, &c. I do not believe, therefore, that there is any ground for saying that the fall of prices in England has its analogy on the continent. It appears to me that it proceeds entirely from the alterations in the value of your money."—See Tooke, vol. 1, p. 179.

According to the Marquis Garnier, taking the exchange at 25 francs, wheat, at the market of Paris, for the nineteen years ending in 1819, was at an average of 45s. 6d. per quarter. Count Chaptal, in his work '*Sur l'Industrie Française*,' published in 1819, estimates the ordinary average price of wheat throughout France at 42s. 10d. per quarter. The average price in England, for the nineteen years ending in 1819, according to the Commons' report of that year, was 87s. 8d. per quarter!

That we may see the periods of high prices in England, the following table is given of the mean prices of wheat, on the 1st of January, and the 1st of July of each year, during periods of seven years each, ending with 1798, 1805, 1812, and 1819, taken from the Com-

' report, on the resumption of cash payments in

1792 to 1798, average of the mean prices of wheat per qr.	56s. 6d.
1799 to 1805, "	82s. 0d.
1806 to 1812, "	91s. 4d.
1813 to 1819, "	73s. 2d.

During this period, great variations in the seasons, causing abundance or scarcity, affected France and England alike, as is almost always the case, from the vicinity and similarity of climate. Both were at times unable to obtain supplies from other countries under considerable disadvantages. This was the case more particularly with France; and yet the gold value of wheat was, in England, nearly double the value that it was in France. Gold in England, from the reasons explained, had only about one-half the exchangeable value that it possessed in France.

The mean price of wheat in 1819 (72s. 3d. per quarter) may be taken as the indicator of the general decline in money prices, or of the rise in the value of gold. Taking this rise to have been, up to 1819, 10 per cent., then the whole sums of net wealth paid by the active classes, at that period, would be, from this alone, increased in value 10 per cent., and additional wealth to that amount would be taken from the capitalists. For a certain time, it is true, some of this would be furnished by the capitalists; but it would be finally furnished by labourers alone, and their privations would be proportionally increased.

The total net wealth, furnished at this time, may be reckoned at 100 millions—that is, 50 millions to individual annuitants, and 50 millions to the government; the rise in the value of gold, 10 per cent., would make this 100 millions equal to 110 millions previous to the rise. Add to this the 20 per cent. increase in

*Really
the
value
of gold
in England
during
this period*

value, consequent on the removal of depreciation, and we have, from alterations in the value of the currency, additional wealth taken from the people equal to 30 per cent. on the total sum, or the 100 millions would now command commodities equal to 130 millions when the currency was at its lowest value ; while the benefit which the labouring classes would receive could arise only through a reduction in the rate of profit, consequent on the cessation of loans, and the repeal of the property and income tax. This statement, it is conceived, is quite sufficient to account for the condition of the labouring classes not improving immediately after the termination of the war.

The increase of population would, there is no doubt, counteract to some extent the additional burdens thus imposed, as such increase would enable the people to furnish the required wealth with more ease ; and, had it not been for this advantage, the rise in the value of the currency would have had a still more injurious effect on the condition of the people than that which was actually experienced. But, on the other hand, the fall in the selling prices of the exports would make it necessary that a larger portion of British labour should be engaged in their production than when they sold at higher prices. The same amount of imports, therefore, cost larger quantities of British labour ; that is, they were dearer in labour value, or required more labour to procure them ; and less labour was, consequently, left to produce annually at home all that great mass of wealth which satisfies the demands of the net claimants, and subsists the whole community.

GREAT BRITAIN, &c.

CHAP. VII.

FROM 1820 TO 1828.

REPEAL OF TAXES.—THE RISE OF RENT DURING THE WAR SUSTAINED DURING PEACE.—TITHES.—THE CURRENCY FROM 1820 TO 1826.—EFFECTS OF LOW PRICE OF FOOD ON MANUFACTURES.—POOR'S RATE, DECLINE IN THE RATE OF PROFIT.—EXPORTS.—THE PANIC OF 1825.—SMALL NOTES.—INCREASE OF MANUFACTURES, AND REDUCTION OF PRICES OF EXPORTS.—ELEMENTS OF COST OF SUPPLY OF GOLD AND OF PRICE.—BEST CRITERION OF THE VALUE OF MONEY.—COMPONENT PARTS OF PRICE.

—00—

In the year 1820 the total government expenditure was £50,259,032. leaving a surplus, to be used in buying up the debt, of £667,436.*

In 1821 taxes on horses used in husbandry were repealed, to the amount of £480,000. and the expenditure was £49,254,306. leaving a surplus, that year, of £2,743,362.

In 1822 taxes were reduced, on malt from 3s. 6d. per bushel to 2s. 6d. amounting to £1,400,000.; on leather, from 3d. $\frac{1}{2}$ lb. to 1½d.—£300,000.; on salt, from 30s. per cwt. to 2s. 6d.—£1,300,000. and the remainder to cease on the 5th of January, 1825. The

* Marshall, p. 113.

tonnage duty on shipping was also repealed, amounting to £160,000.;—making a total of £3,610,000. of taxes taken off. The expenditure, in this year, was £45,935,195. leaving a surplus of £4,788,481.

In the year 1823 assessed taxes were partially repealed to the amount of £2,360,000. and there was a reduction of the duty on spirits in Scotland; yet, in that year, the net income of the government was £54,473,871. The expenditure was £48,385,968. and the surplus £6,087,873.

In 1824 the reduction in the duty on rum, from 11s. 7½d. per gallon to 10s. 6d. gave a relief of £150,000.; on coal carried coastways, £100,000.; on raw silk, from 5s. 6d. to 3d. and on thrown silk, from 14s. 8d. to 7s. 6d.—£450,000.; on foreign sheeps' wool, from 6d. to 1d. gave £350,000.; and a repeal of stamp duty on law proceedings gave £200,000. making a total reduction of £1,250,000. in that year:—yet the net income was £55,456,575.

In these five years £7,700,000. in taxes were taken off, independent of the reduction in the duty on spirits in Scotland, in 1823, which would make the whole about eight millions. At the time, this reduction was considered to have given great relief; as, towards the end of the period, an appearance of general prosperity was exhibited by the country; but this appearance was, two years afterwards, found to have been fallacious.

In looking at the taxes repealed, or reduced, in these five years, it will be seen that many of them, which were the earliest taken off, were such as pressed more particularly upon the land. Those on horses used in husbandry, on malt, on leather, and on salt, to the amount of £3,380,000. pressed almost entirely on the land. This circumstance, of itself, would not have

been of material importance, if it had not been connected with something else, as we have seen that all taxes come finally out of wages; but the reduction of these taxes enabled the land proprietors the more easily to keep up their rents. It is, indeed, often loosely said, that rents have been reduced since the termination of the war; but what evidence have we of this fact? Some who had advanced them beyond the general rate they attained, in 1812 and 1813, may have reduced theirs; but it does not appear that any general reduction has taken place. The corn-law of 1815 fed the farmers with hopes that high prices would be sustained, and they clung to their farms through the trying year 1816. When prices fell still lower, in 1822, they were somewhat relieved by the repeal of taxes, and expectations were kept alive, which prevented rents from being lowered, although the prices of produce had fallen one half.

It is fully shewn, at the commencement of this work, that rent is a tax levied on the farmer, and, through him, on the rest of the community. And that the land proprietors, when circumstances induce them to act together, can raise the rent to as large an amount as the community can possibly pay. Individual owners of small portions of land cannot do this; nor can it be imagined that there is any actual conspiracy or concert, on the part of the proprietors, against the rest of the community, seeing that the parties are very numerous and spread over the whole country, and are generally unaware of the great power which, collectively, they possess: fortuitous circumstances must, therefore, operate to produce any considerable rise of rent. It must be the result of proceedings in which all the parties immediately concerned, are, although acting indepen-

dently of each other, induced to concur, and such was the nature of the circumstances in operation at this period.

During the progress of the war the reduction in the value of the money in which the tenant engaged to pay his rent altered the contract to the advantage of the tenant, and this alteration happened to be progressive throughout the war. The holders of land were truly considered the most prosperous class in the community; and the natural consequence was, a keen competition for land, at rents greatly advanced; it having been found that agreeing to pay a rent beyond the rate of the time was advantageous, because the alteration in the value of the currency in which it was paid, enabled the tenant to pay, with comparative ease, what had been previously considered an extravagant rent. In this way rents were raised up to the year 1814, when, it is presumed, they reached an average of £1. an acre, on 40 millions of acres in Great Britain.* But if our facts have been true, and our arguments conclusive, these 40 millions sterling of rent would command, in 1813, not more of common commodities than 20 millions would have done in 1793, the currency having been reduced 50 per cent. in value. In this period, therefore, the rise of rent was almost nominal, the probability being, that any rise in its real value did not do more than furnish to the proprietors the means of paying additional taxes imposed on them. But in a subject of this kind, it is imprac-

* A farm, containing 33 Cheshire acres, in Whalley, Derbyshire, was, in 1797, let for £30. a year, the landlord paying all taxes; at present the owner can get £80. a year for it, the tenant paying all taxes. In Cheshire, near Sandbach, five farms, in 1793, and two others, in 1802, let for £890.—at present for £1,730. The common advance, from the commencement of the war, in the various cases that have come to my knowledge, appears to have been after the rate of from one to about two and a half.

ticable to go into minute particulars, as we have not data to proceed upon ; all, therefore, that can be done, is, from the facts in our possession, to assume some general amounts ; and, if those amounts prove fair approximations to the truth, they answer the purpose of illustrating the causes of the alterations which were taking place in the conditions of different classes of society, as well as if perfect accuracy were attained in the detail of facts.

In computing the amount of rent of land in 1813 at 40 millions, the land proprietors are then presumed to have been in a situation to command the means of living in about the same style as in 1793, the advance of nominal rent compensating them for the reduction in the value of the currency, and the additional taxes they had to pay. But after the period of 1813, the tide of value turned—the cause of depreciation was removed,—and gold began to return to an exchangeable value in this country, nearer to an equality with that which it had in other European nations ; and, had rents fallen in amount as money rose in value, the productive part of the community would have felt no injurious effects from the alterations in rent, seeing that only the same quantities of wealth would continue to be taken from them. Rents, however, did not fall, but remained at the same nominal sums, while those sums were representing larger quantities of wealth.

A principal influencing cause of this stationary nominal and rise of real rent was, the tenacity with which tenants adhered to their farms, through ignorance of the real nature of the situation in which they were placed. Farming had been so profitable a pursuit that it was clung to in the natural expectation that it would become so again. Of the causes which had

reduced the value of money, the farmers, as a body, were as little aware as the ministers or legislators of the time shewed themselves to be, and of the causes that were then raising its value, they were equally uninformed; they, therefore, generally kept their ground as well as they could. Now, a general concurrence of the farmers, in the payment of any rate of rent, is sufficient to establish that rate; and, in this way, the rents first paid in a currency of low value were retained in a currency of higher value. The removal of the *depreciation* was at a time when the farmers had much of the large profits obtained during a long previous period, and they were, therefore, the better able to stand that blow. The rise in the value of gold was more gradual, and gave them time to adjust themselves to their reduced condition; and, between the termination of the war, and the last year of the period of which we are now more particularly treating, 1824, they seem to have settled down into a state in which they have been compelled to part with much larger proportions of their produce to obtain the means of paying their high money rents. Their ability to pay their labourers became, of course, reduced; their ingenuity was exercised in paring down wages to the lowest possible rate; and more labourers sank into the ranks of pauperism. And thus the farmers, the labouring paupers, and the parish officers, have been struggling on under increasing difficulties. The prices of the articles consumed by paupers declined; but the sums necessary to give them relief continued equally large.

The burden of tithes too increased at the same time, as they now became much more than a tenth of the returns for the profit of the capital, and the wages of

the labour employed on the land. They became a tenth of the crop, when that crop was enhanced in value by the high rent, and they commanded in the market not merely a tenth, but, say, a sixth or a fifth of the labour and capital value. From the produce of an acre which would sell for, say, 80s. would have to be paid 20s. as rent, and 8s. tithe; but this 8s. would be, not one-tenth of the wages and profits, but a sixth and a half part, seeing that the 8s. tithe is the sixth and a half part of 52s., the sum left for wages and profit after paying the rent and tithe. From this 52s. has also to be deducted enough to procure seed for the next year, and to keep up the stock of horses, implements, &c., so that we may state the tithe to amount to one-fifth of the wages and profit value, instead of one-tenth, as is generally loosely intimated.

The burden of tithe is more complained of at present than it was formerly; and, from this view, it will be perceived, not without cause—it is more felt now than it was before. The cultivators are suffering under heavy taxes and high rents, and the burden of tithe is greatly increased by those taxes and rents. The landlord can refuse to permit his land to be cultivated, unless the rent he requires be given; and there are so many wanting to occupy it, that they are willing to take it on the landlord's terms, feeling that they obtain the use of the land in return for the rent paid. But with the tithe owner no previous contract is made—from him nothing tangible is obtained; but when the cultivators are about to reap the fruits of their labour, he steps in and claims a tenth of the crop. No matter what the cultivator has to pay in other quarters; no matter what horses he must keep; how expensive his seed may be; the manure he has to buy; what rent he

has to pay; the tithe owner takes his tenth of the crop, even though only five-tenths of it should be left to repay the farmer for his labour, and the use of his capital, and to pay all the people he has to employ. In France tithes were felt to be an increasing burden; and, at last, popular discontent swept them away.* In Ireland the same thing is taking place in another form, and the turn of England will probably come ere long. It is not a question of religious feeling; it is distress struggling against exaction.

But the effects do not rest with the agricultural class. Neither capital nor labour willingly remain struggling with difficulties, if they can escape from them; and, while the manufacturing and commercial classes were in a better condition, capital and labour would be, to a greater or smaller extent, passing from agriculture to manufactures and commerce:—this, in fact, would continue until competition had reduced all those classes to nearly the same state. When this result arrived, it was found that, although the price of landed produce was low, compared with what it had been, in a currency of lower value, yet it was high compared with the prices of

* G. Greene, in his account of the occurrences in Normandy, at the early part of the French revolution, says (page 23), "The abolition of tithes, evidently decreed by the national assembly to gain over the peasants to their cause, has wonderfully operated on that class of people; and the abolition of the feudal laws, which took place at the same time, completed the intoxicating draught." This was written some time after the event had occurred, when the people had had time to experience the benefit of the abolition of tithes. In addition to tithes, the cultivators had had "to pay, in France, besides all government taxes and other impositions, a rent of from 10s. to 12s. an English acre, and to furnish to their landlords poultry, day-labour, &c." The cultivators appear to have been most dreadfully burdened. "The pay of the day labourer," says Greene, "is only 7½d. per day, for the maintenance of himself and family;—humanity will suffer by a detail of their manner of living."—page 234.

manufactures. The reduction in the quantity, and the increase in the value of money, caused prices generally to fall ; but they fell less in landed produce than in manufactures, because the landed produce was loaded with heavy taxes, in the high rent and the tithe, which the farmer was obliged to pay. The farmer, consequently, sold his produce at a high price, as compared with the prices of manufactures, for the same reason that the maltster sold his malt at a much higher price than the barley grower sold his barley. Both parties, having to pay taxes, were obliged (in addition to the common cost charges in the profit and wages of the time, as established by competition,) to charge the taxes in the prices of their respective articles. The manufacturers loudly complained of this, and called for a free trade in corn ; but the land proprietors had a predominating influence in the legislature, and the distress which the farmers had really experienced was made a pretext to compel all classes to purchase produce from the now highly rented and oppressively tithed lands of Great Britain.

It is very probable that the land owners of Great Britain were stimulated to adhere to the high money rents they had obtained, in a different currency, so generally as to enable them to secure those rents, by a great number of them being burdened with the payment of fixed sums, as annuities, and by others being under obligations to pay interest for money borrowed in a currency of low value. Parties so circumstanced, having large definite sums to pay, are obliged to struggle to keep up their rentals, or the incumbrances would sweep away the whole of them. Such influences as these account for the retension of the nominal rates established under different circumstances, and the con-

sequent great rise in the real rent paid. We should also bear in mind, that the different parties concerned were not aware that any alteration had taken place in the value of the money which was paid and received; they had their attention fixed merely on the market price of corn. Landlords, as well as farmers, wanted high prices. The language of the farmers commonly was, "We do not mind the amount of rent, only let us have high prices restored;" and, to accomplish this point, different expedients were recommended. Corn-laws, paper money, and a different system of banking, were proposed, and, to a greater or less extent, adopted; all aiming at establishing high prices, but without accomplishing the desired object. It now cost more labour or goods to obtain a given quantity of gold; and, therefore, more labour or goods would exchange for that quantity of gold. If paper money was forced into circulation to excess, the quantity of currency became more than our command over the gold in the market of the world would sustain; and gold separated from paper. Paper sank in value below gold, and was returned on its issuers, and thus it was again raised to a level with gold,—or, a part of the gold left the country; and the currency remained that quantity which was determined by the reduced command over gold; and a low range of money prices was established accordingly.

From 1820 to 1824, the Bank of England notes in circulation were reduced more than four millions; but, as the bank was known to have issued, at the time, much more than that sum in coin, as far as they were concerned, no reduction had been made in the whole quantity of currency. If a part of the coin paid by them left the country, that circumstance showed that, from some cause, our quantity of currency was

greater than could be supported by the degree of command we had over the gold market of the world ; and, therefore, the quantity was reduced by gold flowing out of the country.

The following tables present a view of such important facts, connected with the currency at this period, as, in addition to those given in page 195, will enable any one to form a conclusive opinion on some circumstances which occurred at the time.

<i>In the years</i>	<i>Country Bank Notes in circulation in each year, ending October 10. (Mushet.)</i>	<i>Bank of England Notes in circulation in the last week in August. (Marshall.)</i>	<i>The portion of Bank of England Notes under £5. (Pebrer.)</i>	<i>Total of Country Bank and Bank of England Notes in circulation.</i>
	£	£	£	£
1820..	11,767,391	24,553,160	6,686,857	36,320,551
1821..	8,414,281	20,449,320	4,148,812	28,863,601
1822..	8,067,260	18,326,430	1,038,267	26,393,690
1823..	8,798,277	19,582,348	595,640	28,380,625
1824..	10,604,172	20,293,326	458,222	30,897,498
1825..	14,147,211	19,290,570	432,032	33,437,781
<i>In the years</i>	<i>Gold coined. (Marshall.)</i>	<i>Gold Coin in the hands of the Bank of England. (Pebrer.)</i>	<i>Average amount of Gold & Silver Bullion held by the Bank in the years ending Feb. 25. (Pebrer.)</i>	
	£	£	£	
1820..	949,516	2,957,000	3,969,528	
1821..	9,520,760	3,162,000	8,174,419	
1822..	5,356,787	4,805,000	11,631,090	
1823..	759,748	7,509,000	10,254,698	
1824..	4,065,075	7,575,000	12,606,963	
1825..	....*	6,405,000	11,858,395	
1826..	....	2,682,000	4,321,702	

* In the official tables, published in 1833, the amounts of gold coined at

From these tables we may see pretty clearly the working of 'Peel's bill.' The Bank of England, in 1821 and 1822, gave gold for the one and two-pound notes; and the country bank notes, partly through the abundance, and consequent cheapness, of landed produce, were reduced to about eight millions, or to something more than one-third of their amount in 1813. The exchanges rose to par, and the currency to the mint standard of value, and these results were obtained without the Bank of England and the country bankers collectively having themselves materially reduced the aggregate amount of currency. The whole amount above silver, was, in 1813, say, 40½ millions, all in bank notes. In 1823 the notes in circulation were only a little more than 28 millions, but the Bank of England had, since 1815, caused to be coined £23,728,096. in gold, to which, if we add the stock in hand in 1815, £1,631,000. we have a total of £25,359,096. Now, as, of this there remained in hand in 1823 only £7,509,000, the bank must have paid to the public £17,850,096. in gold, to which add the £28,380,625. of notes in circulation, and we have a total currency above silver of £46,230,721. being a little more than the paper currency of 1815, and very near to that of 1813.

That the whole of this did not remain in circulation in this country is very evident; but then a part of it flowed out because the currency was in excess. During

the Mint are stated to have been, in the years

1825.....	£4,580,019.
1826.....	5,896,461.
1827.....	2,512,636.
1828.....	1,006,559.
1829.....	2,446,784.
1830.....	2,387,861.
1831.....	587,940.

On the issue of the gold the exchanges were occasionally in a state which afforded a good profit on the exportation of the gold coin, and a part of it would undoubtedly go away; and thus the whole of the money in circulation would tend to settle down to such an amount as the state of the exports would determine it to be, and prices would arrange themselves accordingly.

But when a vacuum was made in the circulation by the withdrawal of the one and two-pound notes, (about one-third of the whole of the notes withdrawn) that vacuum would be filled with gold coin. And when gold flowed out of the country, it shewed that the remainder of the notes and the gold, taken together, were in excess, and, therefore, a part of the gold went away. The substitution of gold for small notes might affect the particular interests of the issuers of them, and also the system of credit that existed at the time, but certainly could have no permanent effect on the prices of commodities; as these prices would be determined by the causes which regulated the aggregate amount of the currency, and not by the particular kind of money of which a small part of it was formed. Had the small notes been retained in circulation, and the issuers of them been made liable to pay them in gold, the whole amount of the currency must equally have been kept down to its natural quantity, and prices must have been equally in accordance with that quantity. Any temporary issue beyond this, could only cause an exportation of gold, and a run on the banks for gold in exchange for notes. In fact, 'Peel's bill,' by making the Bank of England liable to pay their notes in gold, obliged them, and through them all other bankers, to keep the amount of their issues within the natural amount of the currency; and thus it prevented depreciation, and a rise of prices

consequent on that depreciation. That was the full extent of its effects, as far as respects prices, and any further alterations in them are attributable to those general causes of which we have already treated.

The following table exhibits some facts, relating to this period, which may be best seen in connexion with each other in a tabular form.

Yrs.	Beef per stone.	Wheat per quarter.	Weaving a 6-4ths cambric.	EXPORTS.		Expended on paupers.
				Official value.	Declared value	
	s. d.	s. d.	s. d.	£	£	£
1890..	4 4	65 10	4 6	37,818,036	35,568,000	6,958,446
1821..	3 1	54 5	5 0	40,194,893	35,826,082	6,358,703
1822..	3 0	43 3	4 0	43,558,490	36,176,897	6,773,096
1823..	3 4	51 9	3 9	43,144,446	34,691,124	5,736,898
1824..	3 10	62 0	4 0	48,030,037	37,673,918	5,786,091

The price of wheat fell very low in 1822, lower than it had been at any time from the commencement of the war, or than it has been since. This great fall is evidently attributable to causes similar to those which were in operation in 1814 and 15, namely, the great extent of land cultivated,—an abundance of produce arising out of preceding good harvests, and a withdrawal of accommodation country bank notes. It was one of the oscillations of that state of things which had given us, at one time, cheap gold and a cheaper (depreciated) paper currency; which had produced high money prices, and very high farming profits; and, as a consequence, country bank notes in abundance during a time of agricultural prosperity, and in small quantities only in times of its adversity; which fed the farmer when he was in a state of repletion, but withheld supply from him when he was in want; this was, accordingly, a period of very severe distress to the agricultural capitalist.

The manufacturing class were, for the time, benefited by the low price of landed produce, as they obtained food for about one third of the currency prices which they had paid for it at the latter period of the war. The wages of the inferior class of labourers fell, it is true, but not nearly as much as provisions: their condition was, therefore, for the time, improved. But, by the year 1824, this advantage was lost, as the wages paid for weaving gave no greater command over food than in 1820. Within this period the quantity of manufactures was very considerably increased, particularly in the cotton manufacture, as may be seen from the increase in the population engaged in it, as well as from the quantities of raw cotton consumed in the different years. In 1820, above 125 millions of lbs. were consumed; in 1822, above 144 millions; and, in 1824, more than 174 millions of lbs. were used in this manufacture. But this great increase was not attended with a corresponding advantage, either to the parties engaged in the manufacture, or to the country collectively; as the foreign consumer obtained the articles at so much cheaper a rate. The total exports were increased in quantity from £37,818,036. in 1820, to £48,030,037. in 1824, being an increase exceeding one fourth in four years—while, in the same time, the declared value, or price, increased from £35,568,670. to £37,573,918.; being an increase in value of little more than one eighteenth! How far this decline in value is attributable to more economical modes of producing the articles, and how far to a reduction of the profits and wages of the manufacturers, will be further considered, when we reach the end of the whole period of which we are treating. But, in the mean time, it is clear that

British produce and manufactures were losing their command over gold, as well as over other articles in the foreign markets; and this, according to the principles here advanced, would tend to increase the exchangeable value of gold in Great Britain, and to lower the general average of prices.

The sums expended for the relief of the poor, when compared with the prices of food, indicate any thing but an improvement in the condition of the poorer classes of labourers, even when every allowance is made for the increase of population. Indeed, the sum expended in the relief of paupers in the year 1821, when wheat was at 54s. 5d. per quarter, was £6,358,703; while, in 1813, when wheat was at 120s. per quarter, it was only £6,294,584; the sum raised in 1821 being thus equivalent to double the quantity of wheat at that time, that the sum raised in 1813 was to wheat of that period. In 1822 the sum expended was equivalent to a still greater quantity of wheat.

Yet, notwithstanding this evidence of the non-improvement of, or positive decline in, the condition of the labouring class, the rate of profit on capital was falling, and had continued to fall, with occasional fluctuations, since the termination of the war. The average prices of 3 per cent. consols were in

1815.....	58½
1816.....	62
1817.....	76½
1818.....	78½
1819.....	72
1820.....	68½
1821.....	74½
1822.....	79½
1823.....	80½
1824.....	94

Here we see fluctuation, arising, probably, out of the political alarm of the period, from the state of the manufacturing districts in 1819 and 1820; but, on an average, the prices of stock shew that capitalists were, by circumstances, induced or compelled to invest money in the purchase of stock in 1824, at a price which yielded an interest of not much above 3 per cent., although, in 1815, above 5 per cent. was obtained by purchasing the same stock. This alteration in the rate of interest obtainable, was, of course, attended with a corresponding alteration in the rate of profit, first experienced in the circulating, and, finally, on the whole, capital of the country. Under favourable circumstances, this decline in the rate of profit would have been accompanied by a rise of wages; but, in the actual circumstances of the country, other and unfavourable causes were in operation, sufficient to counterbalance and neutralize this beneficial tendency of low profit. But if the low profit did not cause a positive rise in wages, it caused wages to be higher than they otherwise would have been. If high profit had been added to the other baneful influences which then kept down wages, the labouring classes would have been more distressed than they actually were. It is important that we should attribute the effects to the real causes that were in operation.

The fall in the rate of profit was evidently a consequence of the superior abundance of capital. When, at the termination of the war, the large borrowing ceased, the wealth which had previously been annually absorbed by loans, and expended in an unproductive way, was left in the hands of its accumulators. To make a profitable use of it, they must either employ it themselves as capital, or place it in the hands of other persons to

be so employed. Capital thus became more plentiful in the various departments of production, and the competition of capitalists lowered the rate of the profit which could be obtained for its use. Ten, fifteen, or twenty millions being, in a year, added to the capital used by the primary producers, this new capital would be brought into competition with that previously used in primary production, and, in competition with it, would bid for labour; and the result of these new circumstances would be, that the capitalists would, in proportion to the capital employed, take less of the new wealth produced than they had previously taken, and the labourers would take more; or profits would fall, and real wages would rise. This process really did take place at the time; and, if the result was not a rise of real wages, it was not because a reduction of profit did not work in the way stated, but because other causes prevented the rise of real wages. That which should have remained with the labourer, to be by him enjoyed as additional real wages, was taken by a third party. This party it is our business to trace, as well as his receipt of that wealth, which, on the fall of profits, ought to have gone to the labourer.*

The great abundance of capital, and the consequent low general rate of profit, together with the moderate prices of landed produce, in 1822, 1823, and 1824, gave

* When profit falls, *circulating* is disposed to become, to some extent, *fixed* capital. When interest was, say 5 per cent. capital would not be used in making new roads, canals, or railways, unless those works would yield a corresponding large per centage; but when interest became only 4 or 3 per cent. capital would be advanced for such improvements, if it obtained only a proportional lower per centage. Joint stock companies, to accomplish great improvements, are the natural offspring of a falling rate of profit. It also induces individuals to fix their capitals in the form of buildings and machinery.

ong impulse to manufacturing for export, as may be seen from the declared, and still more decidedly from the official, values of the exports of the last of these years. As the same system of banking, or rather the same system of making money by any country banker who chose to make it, existed, which had prevailed during the whole of the period, this apparent manufacturing prosperity attracted much capital to manufactures; and a system of credit was generated, which effected a further extension of manufacturing. Speculation at the same time, was added to, and pushed on, to such an extension, until, in the course of the year 1825, the quantity of paper money, of various kinds, thrown into circulation increased the quantity of currency beyond the causes which determined our supply of gold to sustain. The exchanges were turned against us; currency became a little depreciated; and gold began to flow out of the country. The Bank of England, finding the demand for gold decrease their stock of coin, contracted their issue of notes; and, in this case, if the state of trade had been good, the currency might have been reduced sufficiently to restore the exchanges to par, and to leave us with our natural quantity of currency. But the reduction in the quantity of currency took place first among those who had pushed credit the farthest. These parties were, consequently, rendered incapable of meeting their engagements, and became bankrupts. Speculating, or overtrading, as it was called, being very general, the failure of some alarmed others; those who had given credit demanded for payment; goods were sacrificed to make payments; prices came down; alarm increased; many refused to sell, none liked to buy; universal failure threatened impending, and people really wealthy found it

impossible to meet their immediate engagements. The 3 per cents. from 82 sunk to 75; and so difficult was it to get money which would be taken at the time, that it was said interest was given for temporary loans at a rate equal to 50 per cent. per annum. Country bank notes were extensively driven from circulation; and the Bank of England, being in better credit, put out a large additional amount; yet they were nearly drained of their metals. Had their stock of them been quite exhausted, either a new restriction must have been had recourse to, or the whole mass of Bank of England notes would have been annihilated; and, as it would have been impossible to obtain metals immediately, we should have been reduced to a state of barter, in making the few exchanges that would be then made. We have the authority of Mr. Huskisson for saying that a run on the bank for coin, for another 48 hours, would have reduced us to this awful state.

These calamitous effects arose out of the system which allowed companies, or individuals, to create paper money to any extent, and put it into circulation; the only check being in their liability to pay their paper in gold; a check which, as the events of this period shewed, afforded no adequate security against the almost general annihilation of the common instrument of exchange. Neither the amount of taxes, nor the high rate of rent, had any connexion with this extraordinary derangement. Nor had the low rate of profit, nor the natural quantity of currency of the period, any necessary connexion with such a course of procedure. It resulted from speculation, aided by a vicious system of paper money making, which improperly increased the quantity of currency, drove gold out of the country, and then caused a general demand for it in exchange

for paper, which demand could not be met; the consequence being an almost universal breaking up of those who depended on this paper, and an approach to an annihilation of all paper money.

The evident connexion between an over issue of country bank paper and the breaking up of credit, at this period, directed the attention of the government to country bank notes under £5. and they were made the scapegoats of the occasion. The evils belonging to the system were attributed to them, and they were sacrificed; but, is it not evident that, if £2. and £1. notes can be issued to an injurious excess, notes of £5. and upwards may be so also? The system which encourages individuals to put notes into circulation, and thereby to displace solid money,—driving gold away, and even banishing superior paper money, until the inferior notes constitute nearly the whole currency of a district, is, on the face of it, a bad one; but when we consider that, upon credit being shaken, these notes, from their intrinsic worthlessness, are peculiarly liable to be annihilated, and the district to be thus left without a medium of exchange, it is not easy to find language sufficiently strong to characterize this system. The prohibition of £1. and £2. bank notes was only a partial correction of a bad system.

But it is most certain that this suppression of small notes could have no permanent effect on the value of the currency, or the general range of money prices. When the withdrawal of the notes had sufficiently lessened the quantity of the currency, gold would flow into the country, and coin would take the place of the notes, as before described. If some of the notes had continued to circulate, they would merely have supplied the places afterwards occupied by sovereigns, and the

whole quantity of currency would finally have been the same.

One effect of the extension of credit, and the consequent extravagant speculation of this period, was a great and sudden increase in the manufacturing power of this country. Much capital was sunk in forming those establishments which constitute an essential part of our present manufacturing system ; or much *circulating* capital was converted into *fixed* capital, for the purpose of manufacturing to a greater extent. The effects of this were felt, soon afterwards, in an increase of the quantities of goods made, without a corresponding increase being experienced in their aggregate value. They were forced on foreign markets, and sold at prices progressively reduced ; and to such an extent as to go beyond what the improvements in the modes of producing them could cover. Profits and wages were, consequently, brought down in those branches of manufacture, in which even the greatest improvements had been made.

It is not, however, to be believed that the same effects would not have been produced, in these departments, on profits and wages, by a more gradual extension of the means of production in them ; but this speculative period accelerated the operation. The quantities of exports increased, and their values declined *more rapidly* than they would otherwise have done. The products of British labour lost, a *little earlier*, some more of their power of purchasing in the markets of the world, and commanded smaller quantities of foreign produce to return ; and, among other articles, gold was purchased at a dearer rate, and therefore acquired a higher exchangeable value, and money prices declined to a somewhat lower level.

From 1820 to 1824, we have seen that the quantities of exports increased materially on the prices; and this alteration was still greater in the next four years. In the

Years	1825.	1826.	1827.	1828.
	£	£	£	£
The official values of exports were	46,468,282	40,332,104	51,276,448	52,029,151
The declared values were	38,083,773	30,847,638	36,896,339	36,152,799

The effects of the speculations of 1825 are here seen both in the quantity and value of the exports of that year; but the deep-seated causes which were then in operation soon began to shew their effects. In 1827, quantity had greatly advanced, while value had sunk; and, in 1828, while the former had risen to £52,029,151. the latter had sunk to £36,152,799. Quantity had increased above $5\frac{1}{2}$, while value had sunk nearly 2. And this took place at a time when no palpable improvement was made in the modes of producing the articles. But as, for a short period, temporary fluctuations, the causes of which cannot be traced, may affect the relative quantities and values, we will take the whole time since the termination of the war, and divide it into three separate periods, and give the average annual quantities and values of the exports for each period. And thus we shall have a comparative view tolerably free from the effects of temporary fluctuations.

	The average annual value was	The quantity was
	£	£
From 1815 to 1819.....	41,951,209	38,121,804
„ 1820 to 1824.....	35,967,358	42,549,120
„ 1825 to 1828.....	33,370,137	47,526,496

Here then we see, that, while the value sank from

nearly 42 millions in the first period, to less than 35½ millions in the third period, the quantity which it was necessary to export to obtain this value, increased from a little more than 38 millions to 47½ millions !

It is commonly said, by those who call themselves political economists, that this increase in quantity, and decrease in price, is attributable to the improved modes of producing the exports ; and some of them go so far as to consider them evidence of our prosperous situation. Mr. M'Culloch, in his ' Dictionary of Commerce,' when writing of the rapid increase in the official value of the cotton goods exported, while the declared value has declined, says, " It shews that the decline in the price of the raw material, and the improvement in the machinery and processes used in the manufactures, have been so great, that we are now able to export, and sell with a profit, for unless such were the case the exportation would very speedily cease, nearly double the quantity of cotton goods we exported in 1814, for about the same price."—See the article " cotton."* When so limited and fallacious a view of this interesting subject is taken by a writer who is generally considered to rank high as a political economist, is it surprising that political economy should be decried? that, with the great mass of the people, who judge by results, it should be considered as opposed to experience, and made up of mysticism and absurdity? Undoubtedly, the exportation of the cotton goods must yield a profit to the exporter, or they would not be exported. This is a simple truism. But why are the exporters enabled to purchase the goods so cheaply?

* See also the ' Edinburgh Review ' for July, 1832, article, ' Recent Commercial Policy of Great Britain.'

Why are the manufacturers, both the capitalists and labourers, induced, or by circumstances compelled, to part with the produce of their capital and labour for so low a price? And why have they been progressively compelled to part with it at regularly declining prices? They "sell nearly double the quantity of goods that they did in 1814, for about the same price." Thus the foreign consumer gets two instead of one for his money, and the British producer has to part with two instead of one. Why is this? Mr. M'Culloch attributes it to the fall in the price of raw material, and the improvements in the machinery and processes used in the manufactures. But he seems not to perceive that there are other causes in operation to induce a sacrifice of British labour. He concludes, from a statement furnished by Mr. Kennedy, that wages in the cotton manufacture have not fallen; this is most certainly incorrect.

With all the beneficial tendency of machinery to keep up wages in the cotton manufacture, they have declined, less in some departments than in others it is true; and, in general, they are higher yet in that branch of manufacture than in agriculture, but still they have fallen, are falling, and, it is to be feared, will continue to fall, until they sink much below what they now are. A moderately careful inquirer may soon satisfy himself that the fall in the prices of cotton manufactures has not been at periods corresponding with the introduction of the great improvements in the machinery and processes; nor with the fall in price of the raw material. These must, undoubtedly, have had their effects in due time; but other causes of a more general and less palpable character have also been in operation, which have sometimes counteracted the natural tendency of these improvements; and when improvements have

been made, have prevented prices from falling. Causes of a similar nature have, at other times, accelerated the fall of prices much beyond what the improvements of the time would have effected. Into these other causes we must enquire more particularly when we have all the facts which it is necessary to place before us as data from which we can reason.

In 1825 various taxes were reduced, amounting altogether to £2,354,995. This reduction must have been beneficial to the people, and, under ordinary circumstances, would have been felt by them to have been so; but, in reality, the country was not conscious of experiencing benefit from this repeal, as the condition of the people was not improved. Similar reductions took place in following years, without, however, materially reducing the whole sum received, as the extra consumption of some taxed articles made up for the reduction of the duties on others. Still, on the whole, distress did not disappear, nor decrease, as might naturally be expected, but rather seemed to increase with the increasing value of the currency.

Hitherto, in treating on the value of gold, as determining the value of the currency, and the level of money prices of commodities, prices have been always spoken of, in general terms, as simple in their nature; but when we take the prices of commodities as evidence of the exchangeable value of gold at any time, as we now propose to do, it becomes necessary that we should examine a little more minutely how those prices are themselves made up, or constituted. Gold, we have seen, is procured in exchange for other commodities, and the cost of it in commodities determines its exchangeable value; but what are the elements of cost of these commodities?—and do those elements vary?

Again, when the exchangeable value of gold is altered, are the gold prices of *all* other commodities equally altered? And if not, what commodities, by their alteration in price, best measure the alteration in the exchangeable value of gold? These are points which it is necessary briefly to examine, if we are to arrive at a tolerably correct knowledge of the alterations which have taken place in the value of the currency.

The elements of cost, and, therefore, of exchangeable value, of some commodities, are comparatively simple, of others compound, and the elements of those that are compound vary relatively to each other. Labour, capital, and land, are means or instruments of production, necessary to the bringing into existence of the mass of wealth which is annually created. Portions of this mass ordinarily go to labourers, capitalists, and land proprietors, as wages, profit, and rent; and these elements are found varying in their proportions in different commodities. In the same commodities they may also vary at different times, so that, the currency being supposed to remain for a time unaltered in value, commodities might alter considerably in their relative prices, while they preserved the same average level.

Some commodities have their prices made up almost entirely of wages, as stone, fish, &c. and the prices of these will be according to the rate of wages. Other articles are produced through the joint agency of labour and considerable capital, as in manufactured articles made by expensive machinery: the prices of these will be formed of profit and wages. Now, if profit should rise, and wages consequently fall, the prices of stone or fish would fall, as compared with such manufactured articles. Land is necessary to the production of food

and raw materials; and, to have the use of that land in this country, a rent must be paid, and this rent may be either low or high. Now as rent and profit, and consequently wages, may vary relatively to each other, the prices of articles into which these elements enter in different proportions may vary, while the general level of money prices continues the same.

If the supply of gold is obtained in return for articles, the cost of which is made up of profit and wages, and decreasing returns of gold are obtained for the same quantities of capital and labour, gold would increase in its exchangeable value as compared with profit and wages; or, the prices of all articles, the cost of which was made up of profit and wages, would fall;—but it does not follow that the prices of articles made up in part of rent would fall in the same degree. The rent element of cost might remain unaltered, and any alteration in the selling price of such article would be in the profit and wages elements alone: and any particular article which had the greatest proportion of the element of rent in its price would alter the least.

In 1812, when wheat was at 125s. per quarter, and other landed produce of a proportionate price, if the produce of an acre was £5. in money, and rent was £1. the rent would be one fifth of the price. But if this £1. of rent remains when the price of the produce has greatly fallen, the fall must have been entirely in the other elements of the cost. If the value of the currency is doubled, or general money prices sink to one half, the prices of landed produce would not sink to £2. 10s. the half of £5. because one fifth of the £5. remains an unaltered sum. The fall of one half can, therefore, take place only in the other four-fifths, or in the £4. which were made up of the elements of profit

and wages. The currency becoming then of double value, the price of landed produce would sink from £5. not to £2. 10s. but to £3. and it follows from this, that, when a currency has risen in value, the price of the produce of unvaryingly high rented land, is not a true measure of the degree of alteration which has taken place in the value of the currency. If any one article of landed produce could be considered as having its price made up entirely of rent, which remained unaltered in its nominal amount, it is clear that the price of that article must remain unaltered, whatever might be the state of the currency. It would be like an article the price of which was made up of a tax, as was nearly the case at one time with salt. While the tax remained the same the price was the same, the payment of that tax or price being the condition on which alone the article could be procured. Agreeably to these principles, of articles of landed produce, those which require the most labour and capital to bring them to market will have had their prices the most affected by the rise in the value of money;—and those articles which are produced spontaneously, are easily brought to market, and for which a high rent is charged, will be the least affected. Grain, potatoes, and other articles of expensive cultivation, will consequently have been more reduced in price than hay or sheep. And the greatest difference in the alteration will be in the first sale to the wholesale dealer, as the price beyond that is increased by the labour of taking to market. The charge for pasturing or grazing in a 'ley' should be the least altered, as that is nearly pure rent.

In some manufactures, such as those of wool and leather, the raw material may have the element of rent

in its price, and that element may remain unaltered, while the other elements may become unable to command more than a low price, or but little gold. But rent does not generally enter into the price of manufactures sufficiently to make it worth while to attempt here to trace its effect. Manufactured articles may, therefore, be considered as having their prices made up of profits and wages, and as articles thus made, do really procure our supply of gold, the terms on which it is procured will determine their prices. It appears to follow, from this, that the alterations in the prices of manufactures will measure the extent of the alteration in the value of the currency, better than it can be measured by the prices of landed produce. And this would be the fact in any important manufacture in which the mode of producing remained the same, and which was not temporarily affected by competition with any other article,—but it is not easy to fix upon any such manufacture. The steam engine, and the substitution of mechanical for human agency, have affected, more or less, all branches of manufacture, and it is impossible to say in what degree each has been affected.

Independently of any alterations in the modes of producing manufactures, affecting their prices, there is another cause in operation, which should be taken into the account, if we attempt to estimate the rise in the value of the currency, by the fall in the prices of manufactures. Since the termination of the borrowing system, the rate of profit has fallen perhaps one half; consequently, the prices of all articles, the principal element of which was profit, would also fall proportionally, without reference to any fall of prices from a rise in the value of money. From this cause then, all

manufactures, the prices of which were made up in a greater degree of profit, and in a smaller degree of wages, would fall, while those in which the element of wages preponderated, would, in the absence of other influences, rise in proportion to that preponderance. Had no other cause been in existence to prevent such a result, the fall of profit to one half would have been attended by an equal fall in price of all articles made up entirely of profit, while the price of fish, &c. being made up of wages would have relatively risen. If an important article of manufacture existed, in the price of which the elements of profit and wages entered in the same proportions as in the articles of cotton manufacture exported to procure gold, and that article continued to be made in an unaltered way,—the prices of such an article would be a good measure of the alteration which has taken place in the exchangeable value of gold, and consequently of the currency. But we know of no such article, and such a one is alluded to, only to point at the kind of measure of the alteration in the value of the currency that it is desirable to have.

Landed produce is, then, the best practical measure that we can take; but, in selecting it, we must make allowance for that part of price which is made up of rent, as that, we presume, remains the same; and the whole alteration in the price is to be considered as taking place in the other elements. Thus the gold price of a quarter of wheat, near the end of the war, was, say, £4., one of which was rent, and remains as rent, which must be now paid. When the average price of wheat fell from £4. to £3, for a number of years, the whole fall must have been in that part of the price which is resolvable into profit and wages, and, consequently, the profit and wages portion of the price

of wheat fell from £3. to £2., or just one-third. If the fall from £4. to £3. per quarter had been computed on the whole price, the rise in the value of the currency would have appeared but one-fourth, or 25 per cent., but when we consider the £1. rent as a fixed part of the price, then the rise in the value of the currency is seen to be one-third or 33½ per cent., and this distinction must be attended to, when, from the recorded prices of grain, we attempt to estimate the rise in the value of the currency.

Should wheat fall further to, say, 50s. per quarter, the £1. rent being still the same, the fall in the alterable part of the price would then be from £3. to £1. 10s., or one-half, indicating a doubling of the value of the currency. A fall in the market price to £2. would be, in like manner, a fall in the alterable price from £3. to £1., or a rise in the value of money to three times its previous rate.

The average market price of wheat in 1812 was 125s. and supposing the price in gold per quarter during the latter years of the war to have been 80s.,* then, the present price being 52s. take the 20s. rent from each of these sums, and the fall in alterable price is from 60s. to 32s. being nearly to one-half. The conclusion from this is, that 32s. will now command as many commodities, which are produced solely by capital and labour, as 60s. did at the latter period of the war. And any 32s. which the people have now to pay, will be paid with as much difficulty as 60s. were at that period. At

* From 1806 to 1813, both inclusive, the mean price of wheat, in currency, for the whole period, was 94s. 6d. per quarter, and if the mean of the depreciation of the currency, during the time, was £8. 13s. 8d. per cent. the gold price of wheat averaged above 80s. for the whole of these nine years. See 'M'Culloch's Dictionary,' article, 'Currency.'

least this would be the case if no other cause counter-balanced the effect of the alteration in the value of the currency.

If this were to be taken as the measure of increase in the value of the currency, it would follow, that, independently of, and in addition to, the rise resulting from that contraction of paper which caused the depreciation to cease, it would seem that the currency had become of nearly double the value that it was at the latter period of the war. This would account, too, for much of the fall that has taken place in the prices of manufactures, and also for the great difference which has arisen between the quantities and prices of exported manufactures, as shewn in the differences between the declared and the official values. In the period from 1809 to 1814, the prices were to the quantities as about $13\frac{1}{2}$ to $9\frac{1}{2}$; but in the period from 1825 to 1828 the prices were to the quantities as only about $8\frac{1}{2}$ to $11\frac{1}{2}$. Thus while the prices sank from $13\frac{1}{2}$ to $8\frac{1}{2}$ the quantities rose from $9\frac{1}{2}$ to $11\frac{1}{2}$. If the $11\frac{1}{2}$, expressing quantities in the latter period, had commanded the same prices as the $9\frac{1}{2}$ in the former period did, the value would have been, say, 16 instead of $8\frac{1}{2}$, shewing a decline in value approaching one-half!

An article which is taxed to a fixed amount, it is clear cannot have the tax part of the price altered by any alteration in the value of money. When threepence p. lb. duty is charged on soap, the alteration in general money prices, it is evident, can affect only that part of the price which is above the threepence p. lb. duty. The same remark will apply to cotton, wool, sugar, malt, bricks, and many other articles; and, upon a rise taking place in the value of the currency, and a general fall in money prices, the whole prices of these will not fall as much as the prices of articles not so taxed.

It is not here presumed, however, that any, or all, of these facts, comparisons, and calculations, can give us the precise extent of the rise in the value of the currency, the subject being of so complicated a nature as to render such precision impossible ; but they all have the same bearing, and all point at a degree of alteration sufficient to account for much that has been experienced since the termination of the war. The prices of wheat, in the period from 1805 to 1813, may have been a little raised by bad harvests, although the probability is, that the great extension of cultivation would counteract the effects of those harvests. Prices may also have been enhanced by paper money speculation ; but allowances may be made for the trifling effects of these two causes, and yet the difference of prices, corrected as above, will warrant a conclusion that a great rise has taken place in the value of the currency ; a large part of which rise has been caused by an advance in the exchangeable value of gold—the regulator of the value of the currency.

GREAT BRITAIN, &c.

CHAP. VIII.

FROM 1820 TO 1828.

EXTENSION OF MANUFACTURES CONSEQUENT ON AN ADVANCE OF RENT.—RENT IN GREAT BRITAIN AND IRELAND.—MANUFACTURES IN AMERICA AND ITALY.—EFFECTS OF THE CORN LAWS ON MANUFACTURES AND THE VALUE OF MONEY, AND IN DRIVING MANUFACTURES TO FOREIGN COUNTRIES.—POSSIBILITY OF PERPETUATING HIGH RENTS.

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Much has been said and written on the assumption that a great extension of manufactures in a country is evidence of the prosperous condition of its inhabitants, and the quantities of exports and the tonnage of shipping have been pointed at, by those who have made the assumption, as triumphant proofs of that prosperity. But however advantageous manufactures and commerce may be, when they are pursued and extended solely from experience of their beneficial results, still it does not follow that the simple fact of their great increase can be properly adduced as proof of the prosperity of the people engaged in them. If men are driven from a more to a less beneficial employment, the mere fact of their adoption of the latter, or even of partial success in it, is no proof of their being in a

better condition than they were, in that from which they had been driven. It is possible that so many persons may be driven to manufactures and commerce, as to cause those employments to yield a very poor return for capital and labour, and then the great numbers engaged in those pursuits, and the extension boasted of, may produce effects the very opposite of those presumed to be produced; privation and distress, instead of prosperity, may be the final results.

A country with some certain extent of manufactures and commerce, with plenty of good land, let at moderate rents, and with a consequent flourishing agriculture, may be in a prosperous and happy state. But, suppose that, from any combination of circumstances, land proprietors are induced generally to raise their rents to a high rate, and thus to reduce the profits first, and afterwards the wages, of those employed on the land:—profits and wages being thus reduced in agriculture, would be, and for a time would remain, higher in manufactures and commerce than in agriculture, and capital and labour would be induced to pass from agriculture to the two other departments, until, by competition, profits and wages were equalized in all.

In this case we should have an extension of manufactures and commerce, as an effect of an increase of rent of land, and a consequent reduction of the general rates of profit and wages. Those who thus engage in manufactures and commerce, are driven to them as a resource from a greater evil; and if they contrive to exist in their new employment, in some certain way, with less or more of the indications of comfort about them, we are not at liberty to point at those indications as proofs of the excellence of the system under which

they have been able to obtain them, and still less can we cite an increase of their numbers, and of the quantity of business done, as of themselves proofs of the sound and wholesome state of society under which the people are living. That state may be merely a less miserable one than another from which they had escaped, and to which they were reduced by the rise of rent; but the real point to which attention ought to be directed is this,—is their state better than that from which they were reduced by the rise of rent? If it is not, this appearance of manufacturing and commercial prosperity is no more than the result of a resource in which they have been driven to take refuge when forced from a happier state.

Since the termination of the war, the alteration in the value of money has been, in reality, equal to a progressive rise in the produce rent of land, until the cultivators, in order to procure the money requisite to pay their rents, have been compelled to part with, give up, or sell the produce of their capital and labour, to an amount twice as large as that which was previously found sufficient for the purpose. There is, consequently, less produce left to be divided between the capitalist and labourer, as profit and wages, and both profit and wages are therefore proportionally reduced. Capital and labour, it is known, are ready to go wherever they can obtain higher profit and wages, and they went, at this period, from the high rented land to manufactures and commerce, until, by competition in those pursuits, the markets for manufactured goods became overstocked, prices declined, and, at last, profits and wages sank to, or nearly to a level with the reduced agricultural rates. The compulsory influx of labour from the land thus over-

stocked the markets with manufactures, and reduced their selling prices, or caused the manufactured articles to be sold for less gold; the gold then rose in value at home, and the general range of prices was reduced, as has been explained. This fall of price was equivalent to another rise of rent, and another reduction of real profit and wages, and labour was further driven to manufactures. The continuance of this process fully accounts for a great extension of manufactures and commerce, without a corresponding improvement in the condition of the people engaged in them. In this way, in fact, the people of Great Britain have been induced to manufacture to a greater extent than they otherwise would have done;—in this way the manufacturing districts have been amply supplied with labour, the manufacturing population has increased, and wages have been kept down so low as to enable the exporting capitalist to sell at low prices in foreign markets; those low prices alone enabling him to sell the large quantities of goods unceasingly produced. The end of this course is, that the foreign consumer is furnished with the produce of British labour at a greatly reduced rate of remuneration to the British labourer; and yet this end, so much to be lamented, is boasted of by some who are considered eminent political economists! These parties say exultingly, “See at what low prices British goods can be sold, and yet a profit be obtained!”.. “Look at the immense quantities of British produce sent to every part of the world,—our merchants defying competition, underselling every rival, and beating him out of the market!” This language would suit an individual exporter, or all the individuals engaged in exporting and selling the goods, because their sole business is to sell at a profit; but for a poli-

tical economist, who ought to take a general and comprehensive view of the whole of society, and to trace the causes in operation to their final effects on the condition of the people—for such an one to draw general conclusions from the limited views taken by a mere exporter, says very little in favour of the present state of knowledge among political economists. Rents shall be, say doubled, and wages, consequently, reduced, which shall drive labour to manufactures. To sell the increased quantities of the manufactures produced, such low prices must be taken as will afford only very low wages, and thus the foreign consumer gets the produce of much British labour for a small return; and when this state is arrived at,—a state which assigns miserable wages to labour, in the first place, for the benefit of the British landowner, and, in the next place, for the benefit of the foreign consumer, we are to be called upon to exult at the great prosperity exhibited in the extension of manufactures!

The high rents of land, in Ireland,* have caused wages, in that country, to be wretchedly low, and large numbers of Irish labourers have, therefore, come to the manufacturing districts in Great Britain,† where, competing with those persons previously employed, they work at reduced wages; and thus assist to extend manufactures, and to produce that kind of prosperity of which mere increase is taken as proof. But is it desirable that high rent should reduce the labourers of

* Mr. O'Connell stated, in the house of commons, that the rental of Ireland was (in 1833) 16 millions sterling. There are 12,125,280 statute acres at present in productive use. Other accounts corroborate the statement relative to the amount of rent.

† It is supposed that there are 50,000 Irish and their immediate descendants in Manchester and its neighbourhood.

Ireland to a state of wretchedness, in order that they may be driven to supply Glasgow, Birmingham, and Manchester, with that labour which assists in extending the manufactures of those places? A great reduction of rent in Ireland would give such wages as would keep the Irish people at home; but ought such an occurrence to be deprecated as an evil, because it would cut off the supply of labour to, and thus check the further extension of manufactures for exportation? If rent of land in Great Britain were to be reduced one half, profits first, and then wages, would rise in agricultural employments, and attract labour from manufactures, and, of course, would reduce the extent of manufacturing; but ought this to be lamented?

An extension of manufactures, either for home consumption or for exportation, in a natural and ordinary way, by improvements in the modes of producing the articles, and through increased demand, is good and may be fairly exulted in; but if that extension is stimulated—is pushed further by reducing agricultural labourers to a state of wretchedness, and driving them to take refuge in manufacturing districts, there to work at low wages, it is anything but a subject for exultation. The reduction, first of agricultural, and afterwards of manufacturing wages, is to be lamented as an evil; and, for that evil, the mere increase in the quantities of manufactured goods exported offers no adequate compensation. At the same time, it is not maintained that the extension of manufactures does no service to the labourers employed in it. On the contrary, the labourers take refuge in it as a smaller evil than the one from which they have escaped, and they are, therefore, for a time, better off than they otherwise would be. But it is maintained that the mere extension is not in

itself proof that the country is in a sound and healthful state, as that extension may have been, and it is contended that it has been, during the last thirty years, fed, stimulated, caused, by a deterioration of the condition of the great mass of the people engaged in agricultural employments; and, when that is the case, the effect ought not to be hailed as the offspring of prosperous circumstances.

In the United States of America the great impediments to the extension of manufactures are, the competition of British goods, and the high wages of American labour. But if rent of land could be there greatly increased, and agricultural wages be thereby materially reduced, the American capitalists would be much better able to compete with the British, and thus to extend their manufactories. Paterson might then rival Manchester in supplying the distant markets of the world, while its population might be swelled by impoverished labourers driven from the high rented land. But would the condition of the American labourers be improved? No! so far from that being the case the extension of the manufacture would be caused by a decline in their condition.

It may, however, be said that, if high rented land stimulates to an extension of manufactures, how happens it, that in such countries as Ireland and Italy they do not flourish? The reason is, because, in those countries, other causes counteract the effects of low wages. In Ireland, excepting in the northern parts, the general tone of the public mind,—the prevailing modes of feeling and acting, are unfavourable to continued accumulation. When an Irishman has accumulated, what an Englishman would consider only a small stock of capital, he retires upon it, is ashamed of trade, and becomes the independent gentleman.

Capital is, consequently, not sufficiently abundant to conduct manufacturing on such a scale as will enable that country to compete successfully with England. Should the feudal pride of being the gentleman, independent of trade, be superseded by a passion for accumulation, and respect for the accumulator, Ireland may yet become a manufacturing country. An alteration in the internal economy of the country, which should give superior consequence to towns, might be instrumental in producing this effect.

Italy was, in the fourteenth century, the greatest manufacturing country in Europe; and, it is very probable, that an advance in the rent of land stimulated manufactures in that, as it has recently done in this country. But, at last, rent was carried to so great a height as not merely to place the landowners decidedly above the capitalists, but to make them almost the only opulent and really influential part of the community; and all political power and honours being placed in their hands, the other classes were treated as inferior orders. The capitalists then being unable to obtain distinction, respect, or even security, either left the country, or lost the appetite for accumulation, and manufactures and commerce declined. While, in Italy, the manufacturing and mercantile capitalists came to be looked upon as an inferior class, in Holland it was disreputable to live independent of trade. The natural results were, that trade declined in Italy, and flourished in Holland. A capitalist may be induced to remain in a country, where, from the great abundance of capital, profit is very low, provided that he has security for the preservation of his property, the respect of the community, and a fair chance of obtaining honours and distinction. This was shewn in Holland, where capital-

ists were content to remain when interest was not more than 2 per cent. ; but they would not, under such circumstances, remain in a country where they were a degraded class. Low real wages *alone* are not sufficient to raise up, or sustain, manufactures: capital must be created and cherished ; and these objects can be attained only by presenting adequate inducements. Where, however, capital has been created, and manufactures established to a considerable extent, a forcible reduction of agricultural wages, through an advance of rent may, by driving labour to manufactures, give a great impulse to their extension.

When treating on the large importations of grain in 1802, and the effects of these importations on the currency, it was shewn that the payment for this grain, in the countries in which it was purchased, determined gold to flow from Great Britain to those countries, and in that way produced a separation between the respective values of bank notes and gold. Cheap *exports* were, at the time, *generally* operating to bring gold into the country in abundance, and *large imports* were *just then* exerting an opposite force, and causing gold either to remain abroad, or positively to go out of the country. The exports and imports, as has been shewn, are varying forces exerted in opposite directions on the gold of the commercial world, and sometimes the one and sometimes the other preponderates. When the force of the exports preponderates gold comes into the country, when the force of imports preponderates gold goes out of the country ; and it is the particular business of the bullion merchant either to export or import gold as circumstances enable him to make a profit. Sometimes export to one country preponderates, and import preponderates from another, and then the

exchange broker, or dealer in bills of exchange, by a circuitous transmission of bills, adjusts the payments; or, if that does not finally settle the transactions, he diverts the stream of gold, which was disposed to flow from one country to another, and from that to a third, into a shorter channel, by which it flows from the first directly to the third, until the payments are balanced.

The force of the export of cheaply produced goods, from 1793 to near the end of the war, predominated; and the result was an abundance of currency and high prices—high when expressed in gold, and, in the latter part of the time, still higher when expressed in a depreciated paper currency. But, towards the end of the war, the force of the exports was weakened by the reduced power of the exported commodities to command gold in the foreign markets. Then, as the force of import remained nearly the same, a different equilibrium was established: gold now flowed from this country until the quantity remaining sank to such a level as could be maintained by the two existing antagonist forces. As the force of exports decreased, from time to time, more gold flowed out of the country, and a balance was established, with prices at a lower level, and, in this way, we have been proceeding since the latter years of the war. At first, on a decline of prices, unaccompanied by a reduction of rent, capital and labour went from the land to manufactures, and the selling prices of manufactures in foreign markets were reduced; the force of supply of gold was then weakened, and the level of home prices subsided accordingly. At every fresh fall of prices this process was repeated, until, at last, we have arrived at our present low level of prices, and great extension of manufactures.

But, at the termination of the war, when countries producing food in abundance, particularly grain, were opened to us, if that grain had been permitted to be imported free from duty, the process just described would have gone on with much greater rapidity. Great as has been the actual extension of manufactures since the war, with a free import of grain it would have been much greater; and the progress of the cotton manufacture, in particular, would then have been pointed at as having been wonderful indeed. This, however, was prevented by the different corn laws which were passed, apparently with an intention thereby to keep up the rent of land at home.

With a view to obtain as clear a perception of the nature and operation of these laws as we can, we will endeavour to trace the probable effects which would have been experienced from a free importation of grain.

In accordance with the level of prices, near the end of the war, the average gold price of wheat in the home market may be stated at about 80s. per quarter; and the general average of the prices of wheat in the countries from whence we could obtain it, may be considered to have been such as would enable the importer to sell it in Great Britain at 50s. per quarter. Under these circumstances wheat would be extensively imported, and its price in the British market ultimately be reduced to that rate which would just leave the importer a common profit. The increased demand for wheat in the foreign market might, for a time, raise its price, and thus cause the supply to be obtained on such terms as would disable the importer from selling it at less than, say, 55s. or 60s. per quarter. But this increase of price in the foreign market would stimulate foreign cultivation, and, at last, enough of foreign grain

would be furnished to bring down the money price of wheat in the British market to a level with the average money prices in the markets of the world, carriage and common profit being added. This price, we presumed, would be 50s. per quarter, and to that price the British grower would then have to conform.

If all this could possibly have been done in a year, or in two or three years, the British farmers, with their obligations to pay high money rents and tithes, would have been suddenly reduced to poverty; and so great might have been the destruction among them that landowners *might* have been obliged to reduce their rents to a low rate. But as it is presumed, that, through the rise in the price of foreign grain, from the sudden new demand for it, the alteration would be effected more slowly, and the farmers be pressed upon more gradually, —the less wealthy, and those who had been the most enterprising in taking land, would sink first, and the owners of lands, not being able to let them at equally high rents, would be obliged to cultivate them themselves by bailiffs or agents. Other farmers would take refuge in retrenchment in their own expenditure, and in a reduction of wages. This last expedient would throw labourers more extensively on the parish funds for relief, and the whole class of cultivators would be in great distress.

Food being thus reduced in price by free importation, manufacturers could sell their goods at the then current prices to great advantage, seeing that those prices would command so much more food. The manufacturing class would, for a time, experience a degree of prosperity, proportioned to the adversity of the agricultural class, and the usual effects of manufacturing prosperity would follow. Full employment would be

given to all, and new means of extension would be rapidly created. Those reduced to wretchedness in the farming districts would fly to the manufacturing districts, and the population, as well as the business, of the latter would be increased. But with this increase would also come, in time, an abundant supply of manufactured goods, and a fall in their selling price. The transfer of labour from land to manufactures would continue, and a further fall in their prices would be experienced, until, in the end, wages and profits became equalized in the two departments, a larger proportion of labour being employed in manufactures and a smaller on land.*

During the progress of this alteration, the importation of grain would act with increased effect in taking gold from this country, and, at the same time, as the prices of exports fell, their power to determine gold towards the country would be weakened, and the relative strengths of these two antagonist forces being thus altered, a new equilibrium would be established, resting on a less abundant supply of gold, and a lower level of money prices.†

But when a reduction was effected in the price of wheat from 80s. to 50s. per quarter, would not rent be lowered at least to a corresponding extent—that is, from an average of 20s. to 12s. 6d. an acre? From the nature of rent, as explained at the commencement of this work, it will be seen that this is a question which cannot be conclusively answered. Rent of land being

* Marshall states that, in 1831, out of a population of 16,537,393, only 800,000 families, containing 4,800,000 persons, were agricultural labourers.

† Mr. Jacob and others, having attempted to shew that the fall in prices, since the termination of the war, is attributable to a falling off in the supply of the precious metals from the mines, the following statement, taken from

in the nature of a tax, which may be made high or low, according to the wills of the class of land proprietors, when in any way they are induced to act together—it might or it might not be lowered. If the alteration had taken place abruptly, the apparent impossibility of paying the same high nominal rents might have induced land proprietors, each acting for himself, to submit to a reduction of rent to a greater or a smaller extent. But if the alteration in prices took place more gradually,

a paper presented to the house of commons (see the 'Times,' May 6, 1833), will shew the groundlessness of this opinion, as far as respects the value of gold. The materials from which the returns have been made are but imperfect, but they were the best that could be obtained.

Statement of the value sterling of Gold and Silver raised in each of the several mining countries of America and Russia, in the two periods of 20 years, from 1790 to 1809 inclusive, and from 1810 to 1829 inclusive; derived from the returns of British consular agents.

	Gold.	Silver.	Total.
MEXICO.	£	£	£
1790 to 1809.....	4,523,378	94,429,303	98,952,681
1810 to 1829.....	1,913,075	45,388,739	47,301,804
Total.....	6,436,453	139,818,032	146,254,485
PANAMA.			
1790 to 1809.....	223,518	....
1810 to 1829.....	23,613	....
Total.....	247,121	....
CHILI.			
1790 to 1809.....	863,974	944,736	1,808,710
1810 to 1829.....	1,904,514	878,189	2,782,703
Total.....	2,768,488	1,822,924	4,591,412
BUENOS AYRES.			
1790 to 1809.....	1,862,955	19,284,831	21,147,786
1810 to 1829.....	2,161,940	7,695,842	10,057,782
Total.....	4,024,895	27,189,673	31,207,468
RUSSIA.			
1820 to 1829.....	3,703,743	1,502,981	5,206,724

the great body of farmers, having no other means of subsisting, might cling to their lands in the hope of more favourable circumstances; and, if occasional fluctuations occurred while the general decline of prices was proceeding, they might be led on to give the same, or nearly the same rent, and thus suffer all the effects of the decline of price to terminate in a reduction of profits first, and, finally, of wages.

Any peculiar circumstances under which the land proprietors had to act on such an occasion would be

General Abstract of the foregoing Table.

	1790 to 1809.		
	<i>Gold.</i>	<i>Silver.</i>	<i>Total.</i>
	£	£	£
Mexico.....	4,523,378	94,423,303	98,952,681
Panama	223,518	.....	223,518
Chili.....	863,974	944,736	1,808,710
Buenos Ayres.....	1,862,955	19,286,831	21,149,786
Total of America	7,473,825	114,660,870	122,134,695
	1810 to 1821.		
	<i>Gold.</i>	<i>Silver.</i>	<i>Total.</i>
	£	£	£
Mexico.....	1,913,075	45,388,729	47,301,804
Panama	23,603	.....	23,603
Chili.....	1,904,514	878,188	2,782,702
Buenos Ayres.....	2,161,940	7,896,842	10,058,782
Total of America	6,003,132	54,162,759	60,165,891
Russia	3,703,743	1,502,981	5,206,724
	9,706,875	55,665,740	65,372,615

J. BACKHOUSE.

In the statistical returns of 1833, page 169, it is stated that, from 1820 to 1831 inclusive, there were coined, at the mint, £40,073,047. in gold, and £3,097,733. in silver. The fall in prices in Great Britain cannot, therefore, be justly attributed to a deficient supply of coin.

likely to influence their conduct. If, in consequence of the prevalence of a fallacious theory, a general belief existed that rent *must* increase with an increase of population, and they knew that population had increased, and was increasing, they, each acting for himself, would be the more disposed to adhere tenaciously to the old rate of rent, and to stand firmly for the full average 20s. an acre. And when landlords generally insist on any rate of rent that the cultivators can pay, we have seen that that rate the cultivators must pay, or leave their country. Other circumstances might also stimulate the landowners to keep up rent. Should rent have been rising for a considerable time previously, and that landlords, supposing that the rise would proceed further, or, at the very least, be fully sustained, had by contracts bound themselves, either in family arrangements, or with mortgagees, to pay large fixed sums annually, self-preservation would stimulate them to struggle hard to keep up the old rate of rent, and that struggle might enable them to effect it.* Thus we see that a reduction of rent would not necessarily follow a fall in the price of landed produce, as the rent might be kept up to the rate it reached when corn was at a very high price.

The corn laws which have been passed since the war, have, however, to a certain extent, prevented those

* It has been recently stated, by Mr. Loudon, that many of the parks and mansions of our great land proprietors are suffered to go to decay in such a way as indicates the poverty of the owners: this is, however, quite compatible with the continuation of high rents. The landowners have been disposed to live in advance of their incomes, and many of them are involved in difficulties, through settlements, bonds, and mortgages; and the payment of interest is sweeping away their rentals. This state of things accounts for both the retention of high rents and the poverty of the landowner. In Italy, where rents are excessively high, the landowners are very poor.—(See Lady Morgan's 'Italy.')

effects from taking place which would have resulted from an entirely free trade in corn. They have partially sustained the prices of British landed produce, and have temporarily placed the British cultivator in a somewhat better position;—they have checked the extension of manufactures, and kept higher the general level of money prices;—they have prevented the full force of free import from being exerted on the currency, and lessened the rapidity of the fall in the selling prices of British manufactures in foreign countries;—and have, therefore, kept up, in some degree, the force of supply of gold from exports, and preserved the exchangeable value of it higher than it otherwise would have been.

The action of the corn laws has, consequently, enabled the agricultural class to adjust itself to the new circumstances which have arisen since the war. As prices fell, some agriculturists were transferred to manufactures, the supply of landed produce was thereby a little reduced, and of manufactures increased. This enabled the agriculturists to raise, to some extent, the prices of their produce relatively to the prices of manufactures—landed produce becoming comparatively scarce, and manufactures comparatively abundant. The corn law of 1815 was evidently planned to keep the price of wheat at 80s. per quarter; but such was the state of manufactures, and of their selling prices in foreign countries, that it soon appeared that the supply of gold could not be kept strong enough to sustain so high a range of prices. The prices of landed produce therefore fell, owing to the terms upon which gold was obtained being such as would not keep wheat up at an average of 80s. per quarter.

As the prices of food fell, manufactures were stimu-

lated, and their prices, in due time, reduced. The same operation on prices was then repeated, and, in this way, prices being lowered, the corn law was altered to adapt it to a lower range of prices. The same process was again gone through, and we descended another step in the scale of prices, and, in this way, we have proceeded since the peace, the corn laws regularly impeding the extension of manufactures, and the downward progress of prices.

But the transfers of capital and labour from land to manufactures in this country were not the only causes which impelled the people on in the course in which they have proceeded. The manufacturing establishments which have arisen in other countries have had their share of influence. The inventions, machinery, and practical skill of this country, have, in a certain degree, passed to other countries, where, shielded by protecting duties, rival establishments have been nurtured, and their produce brought into the market in competition with ours; thus increasing the abundance of the supply, and accelerating the decline in the selling prices.* The British manufacturer, thus met and competed with in foreign markets, naturally and reasonably called for a removal of the restrictions on the importation of foreign corn, in order that he might the more successfully compete with his foreign rivals; and, so far, the result has been as described—a relaxation of the law. The same causes are, however, still in operation, and a further relaxation will be required. This may be effected under the colour of a substitution

* The quantity of cotton consumed in foreign countries in Europe and in the United States of America, in the year 1831, was

.....	194,566,000 <i>lbs.</i>
in Great Britain	373,349,653 <i>lbs.</i>

of a fixed for a varying duty, or in an alteration of the scale of duties, but a reduction will be pressed for; and, reasoning from the past, we may fairly infer that it will be granted by the legislature. Already the advocates for reduction are confident in argument, and urgent in their claims, while the champions of agricultural protection, as it is called, are scarcely heard. The probability therefore is, that, on the next fluctuation in the prices of landed produce, which shall cause a general advance of them, the duties on the importation of grain will be reduced; and thus we shall proceed, until general money prices in Great Britain approximate more closely to those of other commercial nations. We have already advanced far in this course, and there is no reason to suppose that the causes which have induced us to advance thus far will cease to operate in the same way, until we arrive at the end named.

It may, however, be still asked whether rents can be kept up to their present nominal amount, while the prices of landed produce continue to descend? To which the reply is, that they may be, provided the productive part of the community can possibly furnish them. And that it is possible, may be seen by reference to the state of Ireland; or, if we will go a little farther off, to Italy. The money rents of the lands of Ireland are higher than those of England; and, though the productive power, and, consequently, the ability of the Irish cultivator to pay rent, are, principally through his extreme poverty, much inferior to those of the British cultivator, yet the high rents are paid. The level of money prices of food, it should be recollected, is lower in Ireland than in England, and, therefore, in Ireland, the same nominal is a higher produce rent. In Italy rents have been carried so high as commonly to

take one-half, and, sometimes, three-fourths of the produce; and yet these rents are paid. It is true that the whole of the productive classes are impoverished by these high rents, both in Ireland and in Italy, and the same classes may hereafter be equally impoverished in Great Britain; but still they may possibly be obliged to pay the high rents, and that is the point we are speaking to at present.

That the continuance of high money rents of land, while money prices are falling, is a cause of increasing privation to the productive part of the community, must be, after what has been advanced, sufficiently clear. In Ireland it is so palpably evident that no one denies it. The cultivator in that country is so poor, that he does not consume taxed articles to any extent worth naming; and, as he uses very little capital, he cannot pay much of taxes through the higher profit charged on taxed capital; but the high rent is a clear and palpable burden, distinctly traceable in the large proportion of the whole produce of the land that it is necessary to sell, in order to obtain the means of paying the rent. In Great Britain it is not yet so evident. The farmer has not here been stripped of his capital, and profit, therefore, enters into the price of British landed produce; and, as British agriculturists, both capitalists and labourers, still consume taxed articles, to the taxes on those articles, whether consumed by farming capitalists or labourers, a great part of the distress is attributed. But though, from circumstances such as these, rent of land in Great Britain is not seen as nakedly in connexion with its effects as it is in Ireland, yet these effects are experienced; and if rent continue at the same nominal amount, the lower prices fall, the greater will be the pressure of rent on the well-being of the

productive classes. It is quite within the range of possibility that the intelligent capitalists who now farm the lands of Great Britain may be stripped of their capital, and reduced to the impoverished state of the Irish cultivator.

Although such may be the effects of rent, when exacted to an excessive amount, yet it is not to be concluded that no rent ought to be paid, as that would be nearly tantamount to a cessation of private property in land. But rent may be very low, or moderate, or very high; and the consequences of one or another of these rates are of a very important nature, and should be clearly understood. When pointing out these consequences, the whole amount of the rent was named, because it was considered inexpedient to assume that any particular part of it was excessive. The nature of the rent, and of the effects of high rent, were the important points to be elucidated; and the whole amounts presumed to have been paid at different times were given, in order to render our explanations more palpable and definite. It may, however, be fairly asked, might not the amount, not only of rent, but of all other net claims, have possibly been as low in 1831 as they were in 1793? If the country had continued at peace, taxes might have remained as they were in that year; and from the nature of rent, there can be no doubt of the possibility of its remaining as low as it was at that period. Had such really been the case, all the benefit arising from the increase of population and productive power would have been enjoyed by the labourers in an advance of real wages, and their present situation would have been better, there is no doubt, than even that of the labourers of the United States of America.

GREAT BRITAIN, &c.

CHAP. IX.

FROM 1828 TO 1834.

RISE IN THE VALUE OF MONEY.—OFFICIAL AND REAL VALUE OF EXPORTS.—FALL IN THE PRICES OF COTTON MANUFACTURE.—NUMBER OF PEOPLE ENGAGED IN THE COTTON MANUFACTURE COMPARED WITH THE PRICES OF COTTON GOODS EXPORTED.—RETURNS IN MONEY VALUE FOR EXPORTS.—INCREASED DISTRESS OF THE LABOURING CLASS.—ANALYSIS OF SOCIETY TO SHED THE CAUSE OF IT.—ERRORS OF MR. MALTHUS.—NATURE'S TABLE.—WHY THERE IS NOT ROOM AT IT FOR ALL THE LABOURERS.—CLASSIFICATION OF THE POPULATION.

—oo—

SINCE the year 1826 there has been a further reduction of taxes, and the rate of profit has continued low, yet there is no clear evidence of improvement in the condition of the people. The probability, therefore, is, that the value of money has continued to increase, to an extent sufficient to counteract the effects of the reduction of taxes. Landed produce has not, indeed, until very recently, materially altered in price; but when we consider how much farmers must have been impoverished, and cultivation consequently discouraged, the high rent paid, the increase of the population, and the restrictions on the importation of foreign grain,

the continued comparatively high price of grain will not surprise. The prices of the produce of mines, resolvable almost entirely into wages and profits, have sunk considerably. Pig iron, which, in 1826, was at £8. a ton, sank in 1832 to £4. 17s. 6d.; bar iron, from £10. 15s. in 1826, sank to £6. 5s. in 1832. Since that time both these articles have a little recovered, but they still remain low in price.

The following statements of the total ordinary income, and of the government expenditure of the *United Kingdom*, to 1831, are taken from the official statistical returns of 1833, that of 1833 is taken from a parliamentary paper.

	Income.	Expenditure.
	£	£
In the year 1820.....	53,622,438	53,183,205
" 1821.....	54,593,679	54,814,321
" 1822.....	53,652,473	49,499,130
" 1823.....	51,508,376	50,962,014
" 1824.....	52,202,018	52,774,600
" 1825.....	52,065,389	51,620,027
" 1826.....	49,625,485	53,885,541
" 1827.....	49,581,576	53,800,291
" 1828.....	51,665,077	49,336,973
" 1829.....	50,428,275	49,075,133
" 1830.....	49,889,994	47,142,943
" 1831.....	46,293,646	47,123,298
" 1833.....	46,988,755	

The *net* revenue of *Great Britain* was, for the years ending on the 16th of October, in 1832, £43,408,812.; in 1833, £43,028,392.

The rate of profit is indicated by the average prices of the three per cent. consols, in the months of February and August, in each year, from 1821 to 1831 inclusive, taken from the same official returns.

In 1820.....	67½	In 1826.....	78½
„ 1821.....	74½	„ 1827.....	84½
„ 1822.....	79½	„ 1828.....	85½
„ 1823.....	77½	„ 1829.....	87½
„ 1824... ..	93½	„ 1830.....	90½
„ 1825.....	90½	„ 1831.....	79½

The low price of 1831 was the effect of the political state of Europe after the Parisian revolution of the three days. The apprehension of war yet keeps the prices of stock lower than they would otherwise be, compared with the rate of profit obtained. Mr. Lewis Loyd, in his evidence before the committee on commerce, &c. on the 16th of May, 1833, said “we cannot employ our surplus money at two per cent.” Consols were on the 18th of May, 87½ to ½.

From the state of the exports, it appears, that the power to command an abundant supply of gold, at a cheap rate, was still on the decline; as, while official values continue greatly to increase, the declared values remain nearly the same; as may be seen in the returns for the years from 1829 to 1832, both inclusive. They were

	<i>In official value.</i>	<i>In declared value.</i>
	£	£
In the year 1829.....	52,019,728	36,150,379
„ 1830.....	55,465,723	35,212,600
„ 1831.....	60,492,637	37,691,300
„ 1832.....	60,090,123	36,652,600

Thus, (adhering to the millions) while about 47½ in quantity, commanded 35½ in value, on a yearly average from 1825 to 1828, it required 60 to obtain 36½ in 1832; shewing a decline in the selling prices far beyond what can be supposed to have resulted from

any improvements which took place, during the period, in the modes of producing the exported articles. The produce of more British labour, must, therefore, be given in exchange for the imports, including that supply of gold which determines the value of the currency.

The leading articles of export, cotton manufactures, exhibit the same features as the aggregate exports; and as accounts of them have been published from 1815 to 1830, we may trace the progressive decline in their declared, compared with their official values; and, in order to avoid being misled by fluctuation in particular years, we will divide the whole into three separate periods. The average annual export was, for

	<i>At the official value.</i>	<i>At the declared value.</i>	<i>Mean price of bowed cotton.</i>
	£	£	d.
The 5 years ending } with 1819..... }	20,271,567	18,202,179	18½
The 5 years ending } with 1824..... }	23,562,359	16,161,422	9½
The 6 years ending } with 1830..... }	31,460,860	17,113,485*	7½†

The value of the raw cotton is supposed to be about 1-6th† of the value of the manufactured article, and as the price of raw cotton, from the first to the third period, sank to nearly two-fifths, when we compare the declared values of the two periods, we must add the other three-fifths of the price of the cotton, which would raise the declared value of the last period, to

* From Pebrer, page 341.

† Tooke.

‡ One seventh some say, but I wish to allow the full proportion for raw material.

say, in round numbers, £20,000,000. And thus we find, that from, say 1817, the middle year of the first period, to 1827, the middle year of the last, in all 10 years, supposing the raw material to cost the same at the two periods, it became necessary to export 50 per cent. more of manufactures, to obtain, in return, an equal amount of money!

In the first and last years of the series, the differences between the official and declared values, are much greater, as they were

	<i>In official value.</i>	<i>In declared value.</i>
In the year 1815.....	£ 17,655,378	£ 20,033,132
„ 1830.....	37,269,395	17,394,584*

Had cotton goods remained of the same declared value in 1830 as in 1815, the quantity exported in the former year would have been of the aggregate declared value of above £42,000,000. Instead of sinking to £17,394,584. This is an extent of reduction in price, for which the reduction in the price of the raw material, and the improvements in the methods of producing the articles, will not account. The improvements have been, principally, in the spinning department, and Mr. Kennedy's statement of the extent of them, from 1812 to 1830, has been triumphantly referred to

* The quantity of raw cotton taken for home consumption, which gives the quantity used in Great Britain, was, in 1815,—85,800,000lbs.; in 1830, 242,000,000lbs.; and the average quantities per annum, taken during the whole period, were,

in the 5 years ending with 1819 100,690,900lbs.
in the 5 years ending with 1824 143,609,000lbs.
in the 6 years ending with 1830 204,391,332lbs.

as conclusive evidence on the subject. The following is the table furnished by that gentleman.

Hanks per day produced per spindle.			Price of cotton and waste per lb.		Labour per lb.		Cost in cotton & labour per lb.	
Yarns.	1812.	1830.	1812.	1830.	1812.	1830.	1812.	1830.
No.			s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
40.....	2.	2.75	1 6	0 7	1 0	0 7 $\frac{1}{2}$	2 6	1 2 $\frac{1}{2}$
60.....	1.5	2.5	2 0	0 10	1 6	1 0 $\frac{1}{2}$	3 6	1 10 $\frac{1}{2}$
80.....	1.5	2.	2 2	0 11 $\frac{1}{2}$	2 2	1 7 $\frac{1}{2}$	4 4	2 6 $\frac{1}{2}$
100.....	1.4	1.8	2 4	1 1 $\frac{1}{2}$	2 10	2 2 $\frac{1}{2}$	5 2	3 4 $\frac{1}{2}$
120.....	1.25	1.65	2 6	1 4	3 6	2 8	6 0	4 0
150.....	1.	1.33	2 10	1 8	6 6	4 11	9 4	6 7
200.....	.75	.90	3 4	3 0	16 8	11 6	20 0	14 6
250.....	.05	.06	4 0	3 8	31 0	24 6	35 0	28 2

From this table it will be seen that the greatest increase in the amount produced per spindle, is in the yarn No. 60, but the whole quantities produced of that and higher numbers, are very small compared with the quantities of No. 40, and lower numbers. Now the increase in the production of No. 40, from 1812 to 1830, is only as three upon eight;—that is, eleven were produced in the latter, where only eight were produced in the former year. Here, then, we see, that in the spinning department of the cotton manufacture, that particular department in which the most important improvements had been made, the increased production, at the end of nineteen years, was only three upon eight, while the decline in the declared value of the *whole of the goods*, exported at the end of sixteen years, was, omitting the fractional parts,—from, what would have been, if the value had remained unaltered, forty-two millions, to only a little more than seventeen millions! And yet it is stated, broadly and confidently, that, allowing for the different values of the raw material, the fall in price is

attributable entirely to improvements in the methods of producing the articles !*

The following is a table shewing the selling prices of 36's Blackburn weft, in the Manchester market, from 1815 to 1830, furnished from Messrs. Birley and Co. one of the largest and oldest spinning and weaving establishments in Manchester; to which I have added the cost in cotton and the sum left for spinning. The prices paid for weaving are also given from Marshall, page 44, and from Mr. E. a manufacturer, of the prices paid at Preston.

Years.	Black- burn 36 weft. (Birley.)	Cost in raw bowed cotton.	Left for spinning	Average left for spinning at 3 periods.	For weaving 12 yards of 6-4ths cambric. (Marshall)	A 6-4ths cambric, 34 picks to a $\frac{1}{2}$ of an inch. (Mr. E.)
	s. d.	s. d.	s. d.		s. d.	s. d.
1814.....	....	....	....	....	13 0	26 0
1815.....	2 6	1 8	0 10		6 6	14 0
1816.....	2 10	1 6 $\frac{1}{2}$	1 3 $\frac{1}{2}$	} 11 $\frac{1}{2}$ d	4 0	11 0
1817.....	2 6 $\frac{1}{2}$	1 8	0 10 $\frac{1}{2}$		4 0	11 0
1818.....	2 4	1 8	0 8		5 6	9 6
1819.....	2 2	1 1 $\frac{1}{2}$	1 0 $\frac{1}{2}$		4 0	10 6
1820.....	1 8	0 11 $\frac{1}{2}$	0 8 $\frac{1}{2}$	} 8d	4 6	11 0
1821.....	1 4 $\frac{1}{2}$	0 9 $\frac{1}{2}$	0 7		5 0	10 0
1822.....	1 5 $\frac{1}{2}$	0 8 $\frac{1}{2}$	0 9 $\frac{1}{2}$		4 0	10 0
1823.....	1 4 $\frac{1}{2}$	0 8 $\frac{1}{2}$	0 8 $\frac{1}{2}$		3 9	10 0
1824.....	1 3 $\frac{1}{2}$	0 8 $\frac{1}{2}$	0 7 $\frac{1}{2}$	} 5 $\frac{1}{2}$ d	4 0	10 0
1825.....	1 5 $\frac{1}{2}$	0 11 $\frac{1}{2}$	0 5 $\frac{1}{2}$		3 6	9 6
1826.....	1 1	0 6 $\frac{1}{2}$	0 6 $\frac{1}{2}$		2 9	9 0
1827.....	1 0	0 6 $\frac{1}{2}$	0 5 $\frac{1}{2}$		....	8 6
1828.....	0 11 $\frac{1}{2}$	0 6 $\frac{1}{2}$	0 4 $\frac{1}{2}$	} 5 $\frac{1}{2}$ d	....	8 6
1829.....	0 11 $\frac{1}{2}$	0 5 $\frac{1}{2}$	0 5 $\frac{1}{2}$		....	7 6
1830.....	0 11 $\frac{1}{2}$	0 6 $\frac{1}{2}$	0 4 $\frac{1}{2}$		....	7 6
1831.....	....	....	....	....	....	7 6
1832.....	....	....	....	....	....	7 6
1833.....	....	....	....	....	....	7 6

The cambric weavers get an average of from about 7s. to 8s. per week.

* A machine, called a "stretcher," is used in spinning, in which an improvement has been made, that has tripled its power of producing, and

From this table it will be seen, that from 11½d. the average sum obtained for spinning a lb. of 36's weft, in the five years ending in 1819, the sum left for spinning it in the six years ending in 1830 sank to 5½d., being less than one half of the first price.

Mr. John Fielden, M. P. for Oldham, who is a very extensive spinner and manufacturer, in Todmorden, read the following tables in his place, in the house of commons, in May, 1833, relative to the alterations in prices of cotton goods.

30 Hanks water twist.					
<i>In the years</i>	<i>Cotton required for 1lb. of twist.</i>	<i>Price of cotton per lb.</i>	<i>Cost of cotton for 1lb. of twist.</i>	<i>Value of 1lb. of twist.</i>	<i>Sum for labour, expences, and profit.</i>
1815....	1 1-7th	s. d. 1 7½	s. d. 1 10½	s. d. 3 3	s. d. 1 4½
1824....	1 1-7th	0 8½	0 9½	1 8	0 10½
1831....	1 1-7th	0 5½	0 6½	1 0	0 5½
1832....	1 1-7th	0 6½	0 7½	1 0½	0 5½

<i>Cost of spinning and weaving a 72 calico, made by a power-loom.</i>					
<i>In the years</i>	<i>Pounds of cotton for 1 piece.</i>	<i>Price of cotton per lb.</i>	<i>Cost of cotton for 1 piece.</i>	<i>Value of 1 piece.</i>	<i>Sum for labour, expences, and profit.</i>
1815....	5½	s. d. 1 7½	s. d. 8 8	s. d. 27 0	s. d. 18 4
1824....	5½	0 8½	3 9	13 6	9 9
1831....	5½	0 5½	2 6	8 3	5 9
1832....	5½	0 6½	2 10	8 3	5 5

Mr. Fielden also gave the following table of the cost and price of a piece of third 74 calico, woven on the

this also has been named as a sample of the whole process. The stretcher, however, performs but a small part of the process, and its improvement does not seriously affect the whole cost of production.

hand-loom, with elements of its cost. To which I have added the average prices of wheat per quarter, of medium quality.

<i>In the years</i>	<i>The average cost of raw cotton for one piece of calico.</i>	<i>The average price of such calico in the Manchester market.</i>	<i>The average sum for labour, expenses, and profit.</i>	<i>The average price of wheat per quarter.</i>
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
1815....	7 0	18 0	11 0	66 3
1816....	6 7½	16 0	9 4½	76 2
1817....	7 2	15 3	8 1	94 0
1818....	7 2	16 0	8 10	83 8
1819....	4 10	13 0	9 2	72 3
1820....	4 3	11 6	7 3	65 10
1821....	3 4½	10 6	7 1½	54 5
1822....	2 11	10 0	7 1	43 3
1823....	2 11	9 6	6 7	51 9
1824....	3 0	9 0	6 0	62 0
1825....	4 4½	9 9	5 4½	68 6
1826....	2 5	7 2	4 9	56 11
1827....	2 3	6 5	4 2	56 9
1828....	2 2½	6 3	4 0½	60 5
1829....	2 0	5 7	3 7	66 3
1830....	2 4½	6 3	3 10½	64 3
1831....	2 0	5 9	3 9	66 0
1832....	2 3½	5 0	3 2½	66 4

In his speech Mr. Fielden stated that, during this period, the hand-loom weaver had had his wages reduced from 4s. 6d. to 1s. 3d.

In the whole of these documents there is a general agreement, which makes them substantially confirm each other. In particular points where they do not harmonize it may be accounted for. Indeed, when we recollect that cottons of various qualities and prices are mixed in different proportions by different manufacturers, and that the averages for the year are arrived at in different ways,

some taking the prices of each day, others a day of each week, and others a day in each month, we may be assured that honest and independent statements will appear to differ in minute circumstances, although they may agree fully in their general substance. It may also be remarked, that wages of hand-loom weavers, have fallen more in parts where coarse goods are made, as in the neighbourhood of Todmorden and Blackburn, than in Manchester.

In Mr. Henderson's report on the poor laws, from Lancashire, an account from Mr. Harrison, surgeon, is given, relative to the condition of the hand weavers in Preston, in December, 1831, in which it is stated that in one district there were 139 families, containing 634 individuals, or 4·56 to each family, whose weekly income "including parish allowance, when made, was £73.3s.3d. which makes, on an average, 10s. 6½d. for each family, or 2s. 3½d. for each individual. From the 10s. 6½d. however, we ought to deduct 2s. a week for looms, paste, brushes, candles, &c. which are expended in the production of their manufactures;" it is afterwards stated, that the weaver is obliged to pay higher rent for space in which to put his loom—2s. 6d. instead of 2s. 0d. or 2s. 3d. "If then," says Mr. H. "we deduct 2s. 6d. from 8s. 6½d. the net average income of a weavers' family, we shall have 6s. 0½d.; from this again we must take 3d. a week for direct taxes, and 7d. for fuel, which will leave 5s. 2½d. a week for the food and cloathing of 4·56 individuals, or about 1s. 1d. a head. This is the average, and, of course, there were many below this statement." It is also stated, that 58 of the poorest families, containing 318 persons, or 5·48 to each family, had a weekly income of only £25. 15s. 1d. being 8s. 10½d. per family. A number of these were

weavers, from whose income, if we deduct 2s. for expences connected with labour, 2s. 6d. for house rent, 10d. for taxes and fuel, we shall have 3s. 6½d. left for cloathing and feeding 5·48 individuals, or about 8d. per head per week, or a little more than 1d. a day!" This, however, is not, it appears, the lowest state into which weavers have sunk, for Mr. Henderson says, that "in the neighbourhood of Burnley an average hand-loom weaver cannot, at present, earn above 4s. 6d. per week, although a Manchester or Preston weaver can earn 6s. or 7s. weekly."—See the report, p. 340 and 341.

It has been very generally asserted, and is indeed commonly believed by the parties themselves, that the introduction of the power-loom has been the cause of the great depression of hand-loom wages; but this is probably another instance of a circumstance, coincident in point of time, being mistaken for a cause. Power-looms were not used so extensively as to make any material impression on the market price of cloth until near the termination of the war, but the price paid for weaving a particular kind of cloth, which, according to the report of the Lords of 1814, was, in 1792, 8s., and in 1802, 10s. sank in 1808, and again in 1811, to 5s. 6d. from which it rose again in 1812 to 6s. 6d., in 1813 to 8s., and in 1814 to 10s. Now, as few power-looms existed in 1808, and not many, compared with the number of hand-looms, in 1811, the fall of wages at those periods cannot be attributed to power-looms. And we see, notwithstanding their introduction, up to 1814, in that year the weaving of the above named cloth rose to 10s. From 1815 to the present time, it is true, the use of power-looms has been much extended, and hand-loom wages have fallen more than any others. But this latter circumstance is, it is very likely, attri-

butable as much to common weaving being an employment to which children can be readily put, as to the extension of the power-loom. Had not the power-loom been used, there would have been employment for a greater number of hand-loom weavers, but what reason have we to suppose that that greater number would not have been found to work at wages equally low as those paid at present? The business and population of Manchester have doubled during the same period, and yet wages have generally fallen. It is computed that there are, at present, fifty thousand Irish, or their immediate descendents, in Manchester and its neighbourhood, a large part of whom depend upon weaving; and if an additional number had been wanted, there is no reason to doubt that they might have been had. And if what Mr. Fielden said in his speech is even near to being correct, the number of power, compared with hand-looms, at present in existence is very small. He said "the number of persons, too, employed in cotton mills, was small, compared with the number of hand-loom weavers who were in such deep distress. The number in all the cotton mills in Great Britain would not, he believed, exceed 170,000; and his opinion was, that there were four persons engaged at hand-loom weaving for one person employed in cotton mills."

Mr. Babbage, in his book on manufactures, has stated, from information collected to be laid before parliament, that, in 1830, the number of hand-looms in use in Great Britain was 240,000; and that nearly the same number existed in the year 1820;—that the number of power-looms in 1820 was 14,000, but in 1830 they had increased to 55,000. From this statement it appears that there was no positive reduction in the number of hand-loom weavers, and the younger part of these, of

both sexes, are the most suitable for attending power-looms, and are, therefore, wanted for that purpose. There is, however, an error in the statement made by Mr. Babbage, of the relative quantities of work done on a hand and on a power-loom. He says, "each of the power-looms did as much work as three worked by hand," and that "the increased producing power was equal to that of 123,000 hand-looms." In order to ascertain the correctness of this statement, I applied to Messrs. E. and T. Dodgshon, of Manchester, who manufacture the same kind of cloth, both by hand and by power-looms, to learn the proportional quantities woven by each; and I received from Mr. T. Dodgshon the following note in reply:—"I find that our hand weavers, on a 50 reed domestic (Stockport count) have turned off from their looms more cloth than we could turn off from an equal number of our power-looms, reckoning both to work the same hours. The hand weavers generally strike more picks per minute than power-looms do for coarse work." The power-looms are of recent construction, are well made, and work at the rate of about 100 picks a minute. Mr. Babbage was probably led into error by mistaking a *weaver* for a *loom*. In general, one weaver attends two power-looms. The whole quantity or rather cost of labour required in the two modes, is, however, not materially different, as, in addition to mere weaving, there is in the process by power, labour employed, in making and repairing the machinery, in working the steam engine, and in getting the coal. The principal advantage attending the power-loom is in the more uniform texture of the cloth made by it, which causes that cloth to command a higher price than the hand woven cloth. In an establishment in Manchester, Mr. Eadsforth employs

140 hand-loom weavers, male and female, who weave on what are called "dandy-looms."* He states that each individual, on an average of the whole number, weaves 5 one-sixth cuts per week. The cut or piece was 36 yards long, and 41 inches wide, and the weft (the cross thread) had 44 picks to an inch. Mr. E. informed me that, in a large power-loom establishment in the town, the same kind of goods was made, and that each power-loom, on an average, turned off little more than four cuts per week:—the time of working equal.

The power-looms of Messrs. T. Marsland and Co. of Stockport, are said to be of the very best make, and to be worked at the highest speed. On an average of many of their looms, it was found that $6\frac{1}{2}$ cuts were obtained from each. The cut was four-fourths in breadth (generally about 32 inches in the cloth), 29 yards long, 60 Stockport reed, and 56 picks to an inch. A calculation will shew that Mr. E.'s hand weaver threw the shuttle 274,536 times in the week, while in Messrs. M.'s power-loom it was thrown 370,016 times. But the former passed through 41 inches each time, while the latter went through only 32 inches, the latter consequently traversed little more space than the former.

The average annual quantity of raw cotton taken for home consumption, in the 3 years ending with 1831, was 245,641,878*lbs.*
 in the 3 years ending with 1822, it was 132,082,000*lbs.*
 Increased annual consumption in 9 years 113,559,878*lbs.*

* These dandy looms wind up the cloth as fast as it is woven: they have been of late much used, and their number is now considerable. A good weaver will get from 9 to 10*s.* per week.

The twist and yarn exported in the 3 years ending with 1831 was an annual average of.....	63,302,677 <i>lbs.</i>
in the 3 years ending with 1822.....	<u>23,718,154<i>lbs.</i></u>
Increase per annum.....	<u>39,584,523<i>lbs.</i></u>
The number of yards of cotton cloth annually exported in the 3 years ending with 1831 was.....	422,766,765
in the 3 years ending with 1822	<u>260,878,795</u>
Increased annual export in 9 years	<u>161,887,970</u>
The number of hand-looms in 1830, according to Mr. Babbage, was.....	240,000
number of power-looms.....	55,000
Total	<u>295,000</u>
The hand-looms in 1820	240,000
power-looms in 1820.....	14,000
Total	<u>254,000</u>
Increase in 10 years.....	<u>41,000</u>

The increase in the number of looms is palpably disproportioned to the increase in the exportation of cloth. The hand, as well as the power-looms, were, it is probable, materially increased, particularly the dandy-looms; and hand weaving has been extended in parts of the country more distant from the principal seats of the manufacture.

That power-looms have had some effect in lowering hand-loom weavers' wages may be and probably is true, but that they have been the principal, or even an important, cause of that lamentable circumstance, does not appear. The wages fell, and very considerably too, before power-looms were used; and they have since fallen with the general decline of money prices; and would, doubtless, have fallen, although perhaps not so rapidly, if power-looms had not been introduced. Prices and remuneration have generally declined in the cotton manufacture for the last 20 or 25 years;

and that, too, as has been shewn, far beyond the decline in the price of the raw material, or the extent of the improvements introduced.

Mr. Kirkman Finlay said, in his evidence before the select committee on manufactures, &c., May 21, 1833, "I think that a grand mistake exists in supposing that the power-loom supplants the hand-loom universally," and "the number of hand-loom weavers in Scotland now, I apprehend to be much more than the number of hand-looms in Scotland when the power-loom was first introduced;" and again, "it would require a very good hand, and very hard work, to earn from 6s. to 7s. a week, from what I am assured by weavers themselves, upon whose word I can place every dependence."

But there is another mode of exhibiting this subject, which will shew clearly that the decline in the price of cotton manufactures has been accompanied by a great falling off in the remuneration of the parties engaged in the manufacture. In the year 1811 the population of the whole town of Manchester was 113,798; and, in 1821, it was 158,631: presuming its increase to have been uniformly progressive, the number in 1815 would have been 131,730. The population of Manchester may, at that time, be taken to represent the whole of the parties engaged in the cotton manufacture, and when that town contained 131,730 inhabitants the exports of cotton manufactures were of the declared value of £20,033,132. But, in the year 1831, the population of Manchester had increased to 232,578, while the declared value of the manufactured cottons exported in 1830 was only £17,394,584. During these sixteen years the population increased more than 100,000, but the total value of the exports declined from £20,033,132. to £17,394,584. In 1815 the value of the exports was to



in 1820
Increase per
The number of yards of
in the 3 years ending with 1831 was
in the 3 years ending with 1822
Increased annual export in 9 years
The number of hand-looms in 1830,
Mr. Babbage, was 24
number of power-looms
Total
The hand-looms in 1820
power-looms in 1820
Total
Increase in 10 years
The increase in the number of lo
proportioned to the increase in the
The hand, as well as the power-lo
ble, materially increased, particul
and hand weaving has been ex
country more distant from the
manufacture.
That power-looms have had
hand-looms' wages may
hand-looms have been the pr
lament

the population of Manchester as above £152. to each person, in 1831 as less than £75. to each person! Thus, without going into any minute calculation to ascertain the actual numbers of the whole population engaged in the cotton manufacture, and the total value of the goods produced, but proceeding on the above data, and taking Manchester to represent the whole cotton manufacturing population, and the declared value of the exports of cottons to indicate the value of the whole of the cotton manufactures at the two periods, it will appear that, on a general average, each person engaged at present in the cotton manufacture receives less than one-half of the money that he did in 1815 as a remuneration for his capital or his labour.* The extent of improvement made does not affect our conclusions from this mode of viewing the subject, as we have here simply the number of persons, and the sum of money at each period; complexity is thus avoided, and but one conviction can follow. It is not, however, pretended that the computations on which we proceed strictly accord with the real facts of the case; on the contrary, to approach accuracy, many trifling allowances must be made, such as for the altered price of the raw material, the difference between the increase in the whole population engaged in the manufacture, and the increase of the town of Manchester, but such attention to detail is not here necessary, the broad facts admit of no dispute, and they prove beyond

* In this manufacture there is no doubt that profits have fallen more than wages, the general reduction in the rate of profit has contributed to effect this. The wages of fine spinners have kept up, and among those employed in connexion with machinery in general, the fall has not been great; but among common hands, and particularly in common hand weaving, the fall has been considerable.

a doubt that the fall in the value of cotton goods has been attended with a great reduction in the money remuneration of the individuals engaged in the manufacture. Of the cause of that reduction we have already treated, and shewn it to have been an influx of labour from other departments of production, where it was worse remunerated, which beat down wages in the cotton manufacture, glutted the markets with goods, and brought down their prices. Prices being thus reduced, equal imports were not obtainable without much more labour; and gold, among other articles, costing much more labour, it exchanges for much more labour, and for much more of the products of labour, than it did during the time of the war.

If we look to the towns engaged in the woollen manufacture we find the same kind of facts as those presented in the cotton manufacture. The population of Leeds was.... in 1811.... 62,534—in 1831.. 123,393
Huddersfield, in 1811.... 9,671—in 1831.. 19,035
And in towns dependent on the manufacture of hardwares we have the same features. The population was,
in Birmingham .. in 1811.. 85,755—in 1831 146,986
in Sheffield in 1811.. 53,231—in 1831 91,692
in Wolverhampton in 1811.. 14,836—in 1831 24,732
and the same kind of increase is observable in the other towns, the people of which manufacture for exportation, and yet, notwithstanding this general increase in the number of the people who labour for exportation, the declared value, and consequently the money value returns, for the aggregate exports have absolutely declined.

The foregoing facts and reasonings, taken altogether, authorise us to conclude that, up to a recent period,

money, in Great Britain, continued to rise in value, and, consequently, that all payments of fixed sums of net wealth in that money became more burdensome. Taxes have been reduced, it is true ; but, as it appears, not to a sufficient extent to counteract the influence of the rise in the value of money, and the condition of the people, therefore, continued to decline. This is most palpably shewn by the amount which it has been found necessary to raise annually for the relief of the poor, notwithstanding that the poor's rate has been long and loudly complained of, and that various expedients have been tried to reduce it. The average sum raised annually for the four years ending with 1828 was. . . £7,359,195. and for the four following years the average

was..... 8,240,202.*

a very great advance, especially when we recollect the general efforts which have been made to reduce it, furnishing painful evidence of the increased distress of the class receiving relief.†

In a country circumstanced as Great Britain is, the value of money is a subject of great consequence : hence the importance of ascertaining whether money is or is not yet rising in value. It may be stated, as a general proposition, that common food in Great Britain, cheap as it may appear, is at present at least

* In 1829, the sum raised was £7,642,171....in 1830, £8,261,261.
in 1831,..... £8,114,220.....in 1832, £8,279,217.

† In many parishes in Lancashire it is customary to publish the names of all persons receiving relief, and the public are invited to inform the overseers, should they know any reason why relief should be withheld. Select vestries have been appointed, composed of the principal rate payers, and of others the most likely to know the actual circumstances of those who apply for relief. At the same time, it ought to be remarked, that in some agricultural districts, portions of wages are paid through the poor's rate.

25 per cent. higher in money price than it is on the continent of Europe; or, that the same amount of money will, in Great Britain, command one fourth less food than on the continent. Money is kept down here, thus low in value, by cheaply produced exports, yet selling at such prices as purchase and bring home a supply of gold, which determines it to have that exchangeable value. Competition at home and rivalry in foreign countries, have a tendency to cause the prices of these exports to fall,—that is, to command less gold, and consequently to make gold of greater exchangeable value when brought home; and this process would go on until gold in this country was raised to an equality in value with what it is in Holland or France, or until money prices were equalised in the three countries; were there not causes in operation to counteract it. These causes are, successive improvements in manufacturing the exports: such improvements raised our money prices, and a continuation of them can alone sustain money prices.

Are there, then, improvements of this kind in progress at present, sufficient to keep down the value of gold? The answer to this question can be only conjectural. In the cotton manufacture, the leading article of export, establishments are being successively enlarged, and more economical arrangements are progressively made. Various little improvements admit of the machinery being moved at a greater speed, and of course enable more to be produced in the same time with equal labour and capital. The machinery itself is also made at less expence. Steam engines can be had for about two-thirds of what they cost eight years ago. In one establishment in Manchester, that of Messrs. Sharp, Roberts and Co. various improvements

have been made by Mr. Roberts, which have greatly increased the efficiency of the labour employed in making machines. By the application of steam power to forcing a steel tool or cutter along the surface of a plate or bar of iron, or by moving the iron while the tool is held fast, the tool is made to cut a shaving off, and to leave the surface of the iron perfectly level. The tool being moved a little sideways, the cut is repeated, and thus, in succession, the whole surface of the iron is planed and left smooth and true. By the use of this simple but highly effective machine, one man is enabled to do as much work as, according to the kind of article planed, from twenty to fifty men can do by the old method of chipping and filing, and the work is done much better. The application of the same principle in another machine, enables one man to do as much as twelve can do by the old mode, in cutting key-beds, or grooves in wheels, to fix them on shafts; or in cutting any other similar things. And in the old way there are files and chisels used, equal in value on an average to one half of the wages of the workmen, so that the *whole* saving is one half more than the amount named. These are, however, very favourable examples of the kind of improvements that are being made.

Mr. Roberts has also invented a *self-acting* mule, or spinning machine, which is getting rapidly into use. The various important advantages attending the use of this machine, it is stated, enable those who adopt it to save from one-fourth to one-third of the whole expence of converting the raw cotton into yarn or thread.

Improvements of this kind, however, pass rapidly to other countries, where, combined with their general use at home, they in time cause the selling prices of

the articles produced by them to fall equal to the extent of the improvements, when they cease to keep down the value of gold. And as manufacturing by machinery increases in other countries, there will be a tendency in gold to become equal in value, in the various manufacturing countries, and this tendency will cause its value to rise, or prices to fall in Great Britain. But a fall of prices, through a rise in the value of money, increases the value of all fixed sums paid, and, in this way, rents, the interest of the debt, and other obligations, may become more difficult to pay, because it may require more labour, or the produce of more labour to pay them.

That distress should increase among a people such as that of Great Britain seems, at first sight, very surprising. The country is at peace, and opulence, capital, intelligence, industry, skill, and perseverance abound to an extent equal, if not superior to what has been found in any other country. This has hitherto appeared strange. But, in order that we may have a more distinct perception of the real state of this society in which the apparent anomaly exists, we will once more take an analytical view of it, and in this view we shall see not only how opulence and distress may exist together, but also how the former may be the cause of the latter, in spite of all that capital, intelligence, industry, skill, and perseverance can do to prevent that distress.

The total population of Great Britain in 1831 was 16,537,398 persons, including the army and navy. The productive portion of this population yielded a round sum of net wealth amounting to probably £100,000,000. but we will take it at £90,000,000. That is

rent of land, say.....	£33,000,000.
taxes, including expences of collecting..	46,000,000.
and tithes, mines, building, ground-rents, and other fixed payments.....	6,000,000.
Total annual net wealth furnished.....	90,000,000.

On the 16th of July, 1833, Mr. Spring Rice said in parliament, as reported in 'The Mirror,' when explaining the expenditure, "In the first place there is the interest of the national debt, amounting to upwards of £27,000,000. next follows the dead weight, or half-pay of the army, the navy, and the retired and superannuation charges for civil officers. If these are added to the national debt, they constitute no less a portion of the yearly expenditure of the country than (in round numbers) £33,000,000. Now the actual expenditure of last year was £44,922,000. or to speak again in round numbers, £45,000,000." This is independent of the expence of collecting.

In April, 1833, Lord Althorp, in the house of commons, said, that the income for the year was £46,852,650, and the expenditure was £45,365,507. The sum expended in 1831, according to the tables of 1833, was £47,123,298. so that the amount assumed is too low, independent of expence of collecting. The sum put down for tithes and various annuities is probably also too small. If we suppose tithes to average one-fourth only of the rent, they would amount to £9,500,000., deducting from this one-third for the lands not subject to church tithe, and there will remain £6,333,334. Royalties, and other payments made by miners and ground rents for buildings in towns, amount to very large sums. The round number of 100 millions might have been taken as a grand total, but we will proceed with the smaller sum, 90 millions.

Now, presuming that this sum is received and expended by persons who, as in 1793, each on an average receive £400, a year, their total number would be 225,000, and taking each of these to represent, as heads of families, six persons, we shall have a total number of net receivers amounting to 1,350,000 persons. These we further suppose employ others, as menial servants, manufacturers and tradespeople, to administer to their gratification as secondary producers, in number double of themselves : we shall then have a population of receivers of net wealth of..... 1,350,000 persons, and of secondary producers* 2,700,000 ,, making a total, dependent upon the net wealth, of..... 4,050,000 ,, leaving for the remainder of the population 12,487,398 ,, to make the grand total of 16,537,398 ,,

The 1,350,000 net receivers, it will be borne in mind, produce nothing, but merely consume ; the secondary producers only work up a part of the net wealth to render it more fit for the consumption of the net receivers, and for this service obtain a part of the net wealth for their own subsistence. The 12,487,398 primary producers furnish all the net wealth, and also subsist themselves. These have, however, to be divided into two bodies, the capitalists and labourers, before we can ascertain the number of labourers through whose exertions the whole of the wealth is obtained.

The amount of capital in the year 1793, we took to be 350 millions, and at present it may be assumed to be 500 millions, and the owners of this being supposed

* The net receivers and secondary producers are probably underrated, as may be seen in a table of the whole population, in classes, to be given shortly.

to be in the same proportion to the capital that they were, at that time, the whole number of capitalists will be 142,857, and these, as before, being taken each to represent five persons, will give 714,285 persons subsisting on profit of capital. Allowing to these a number equal to themselves, to be employed to administer to their gratification, and we shall have a population of capitalists and their dependents, all living, directly or indirectly, on profit, of 1,428,570 persons, which being added to the net receivers and their dependents, will give a total of 5,478,570 persons, leaving 11,058,828 of labouring primary producers, or 1,843,138 families, with six persons to a family.

Taking the productive power of these to be the same as those of 1793—£100. each family, it would give a total of..... £184,313,800.
 from which take the net wealth..... 90,000,000.
 and we have left for the primary producers 94,313,800.
 The profit on 500 millions of capital, at
 6½ per cent. would be..... 82,500,000.
 leaving, to be divided among the primary
 labourers £61,813,800.
 affording for each family something more than £33.10s.
 or £5. 12s. each person.

This, however, does not shew the whole effect produced on the condition of the labouring class by the abstraction from them of an increased quantity of net wealth, and the consequent reduction of wages. When wages averaged £8. each person, as in 1793, a much smaller number of labourers could be retained by the expenditure of a given sum of net wealth, than when they averaged £5. 12s. each. At the former rate, the 2,700,000 secondary producers would require £21,600,000. to pay them; but, at the latter rate, the

same sum would equally well command the labour of 3,833,035 persons. The fall of wages would, therefore, cause persons equal in number to the difference between these two numbers, to be taken from primary and transferred to secondary production. The primary labourers would now be 9,925,793 instead of 11,058,828, and the primary produce would be £165,429,900. instead of £184,813,800. and the sum left to be divided among the primary labourers would be not £61,813,300., but only £42,929,900. affording to the reduced number of primary labourers not a sum of more than £5. 12s. each, but only about £4. 6s. each. This reduction of wages would, in its turn, enable the net receivers to command the labour of more persons as secondary producers, and, of course, would a little further reduce the number of primary labourers, and cause an additional reduction of wages.

The amount thus left for wages at last, is, however, entirely attributable to the increase of the labouring population. Had the population remained only 10 millions, and the net wealth been raised to 90 millions, and the net receivers and secondary producers consequently increased to the number of 4,050,000, then, adding the number of capitalists and their dependents in 1793, and taking the whole from the population of 10 millions, and it would leave less than five millions of primary labourers; who, if they produced after the rate of £100. each family of six persons, would furnish a total of wealth amounting to only 83 millions: considerably less than that now furnished to the net receivers alone. It would, therefore, have been utterly impossible for such a population as that of 1793 to have furnished annually 90 millions of wealth. Any near

approach to it must have destroyed the primary labourers, and then the whole of society would have declined together.

On the other hand, had the net wealth remained at the same amount as in 1793, and the population increased to its present number, the case would have been very different. From 16,537,398, the whole population of 1831, take the 1,800,000 who subsisted on net wealth in 1793, and those who lived on profit in 1831, 1,428,570 persons, making together 3,228,570, and we shall have left of primary labourers 13,308,828, yielding a total of wealth amounting to £221,813,800. From this total take the net wealth of 1793 and profit of 1831, and we have remaining for the primary labourers £149,313,800., being an average of nearly £13. 10s. per head, or £5. 10s. a head more than in 1793! In what abundance might the labourer have then lived! This increase in wages would render the receivers of the net wealth less able to employ labour in secondary production, and, therefore, a greater number would be left to primary labour, which would raise the general rate of wages somewhat higher.

It may be said that the land proprietors and government annuitants themselves furnish to the government a part of the taxes which are annually collected; and this is, to a limited extent, true. But it is impossible to ascertain with precision what portion of the taxes is thus obtained. The *proportion* paid, however, is evidently not greater than it was forty years since, and the increase in the amount of wealth abstracted from the people since that time is the important consideration. In the year 1791, according to Moreau, the whole revenue consisted of

Customs	£3,764,483
Excise	8,082,391
Stamps	1,293,432
Land and assessed taxes..	2,776,810
Post-office	342,000
Total in 1791	£16,259,106.

In 1831, by the official tables, the ordinary revenue was,

Customs	£16,516,271
Excise	16,303,025
Stamps	6,947,829
Land and assessed taxes	4,864,343
Post-office	1,530,205
Miscellaneous	131,971
Total in 1831	£46,293,644.

The present customs and excise duties are almost entirely paid by the great body of the people. Of the stamps and the land and assessed taxes, suppose the land proprietors and annuitants to have paid; in 1831, one-third of the amount, still, as they paid quite as large a proportion in 1791, the increase in the total amount of net wealth affected the people in the way described, and to the same proportional extent.

If the productive power of the primary labourers had increased, as well as their numbers, it would be still more beneficial to them. Instead of £100. each family, suppose them to produce £105. and the average of their wages would be increased in the same degree. But enough has been said to shew what are the general causes of the low wages, and consequent distress, of the labouring people of Great Britain. It has been proved, as clearly as such a thing can be, that that distress arises entirely from too large a portion of the wealth produced by primary labour being taken as net wealth, in the various shapes of rents, tithes, and taxes. The

exaction of this net wealth reduces wages in the first place; and, afterwards, by detaching labour from primary and employing it in secondary production, the the primary labourers are reduced in number, while the net wealth remains the same. The same amount of net wealth is, therefore, taken from the primary produce, created by fewer labourers, the remainder of that produce, consequently, affords only a still lower rate of wages.

In a country possessing much fixed capital in machines where difficult processes require great skill and care, and, of course, confidence in the persons employed, skilful labour may continue to be paid at a good rate, while the wages of common labour are declining. And when the state of the common labourer is much reduced, the difference between the rates of payment for the two kinds of labour may increase. The great poverty of the poor labouring families prevents them from educating any of their children for the more skilful employments: from this class, consequently, few can rise, while it receives all who sink. The difference between the pay of common and skilful labour in the United States of America is small, because the wages of common labour are sufficiently high to enable the children of that class to be educated without difficulty for most of the superior branches of employment. In England a common farming labourer cannot educate his son to qualify him to become a bookkeeper, a mechanic, or a town artisan: the necessary school instruction being beyond his means. The comparatively high wages which yet remain to the superior class of labourers in Great Britain are, therefore, no evidence that common labour is even moderately well paid. The consumption of certain taxed articles is sometimes pointed out

as evidence of the undeteriorated, or of the improved condition of the people, but the consumption of these articles may be kept up by the skilled labourers in towns, who are increasing in numbers, and are yet tolerably well paid.

This general view accounts, too, for the wages of common labourers being so much higher in the United States of America than in Great Britain. It is not that labour is more productive in the former than in the latter country, but that less of what is produced is taken from the labourer in the forms of rent, taxes, and tithes. The two first of these burdens are light, and the last does not exist in America. If the burdens of the people of Great Britain could be rendered as light as those of the Americans, real wages would, there is no reason to doubt, be higher in Great Britain than in the United States, because labour is more productive in the former than in the latter country. This mode of considering the subject will also enable us to account for the otherwise strange and unaccountable anomaly which presents itself in the fact, that the people of Great Britain, the most industrious, the most ingenious, and the most *highly productive* people on the face of the earth, are in distress. The cause of that distress becomes now obvious. It is impossible for the labouring part of this highly productive people to furnish ninety millions of net wealth to the non-labouring part, and yet to have the wealth created by their labour for their own enjoyment. The labourers are dealt with like Sancho at the table—the dishes appear, but they vanish without the labourers being permitted to partake of them. They are indeed allowed what remains after the great feast, which has been furnished by their labour, is ended; the prior claimants being satisfied;

but, unfortunately, when those prior claimants have finished, so little is left as to constitute but a meagre repast for those who produced all. Mr. Malthus says, that there is no room at the table for those who have no title, but their power to labour, on which to found a claim to a place; but why is there not room? Evidently because so many others come first with their prior claims. These fill the table to the exclusion of the labourer. Reduce *their* number and there would be plenty of room for those who labour, and a plentiful board they would have. They would not then have to complain of *nature* excluding them from her feast, as their own skill and industry from that nature extract an abundant supply.


There are other countries where labourers often cannot find places at nature's table, because others have occupied those places, and consumed the feast. And those who are permitted to sit down to the fragments find very little left. The Irish labourer is obliged to put up with potatoes; happy if he can get enough of them, though he is well aware that he has sent large supplies of beef, pork, and flour, to the feast, which supplies have been all consumed by others. In Upper Egypt, according to Mr. Legh, "the fields enriched by the Nile teem with plenty, but the wretched Arab is compelled to live on a few lentils, and a small portion of bread and water—not a twentieth of the produce of his labour falls to his share!" There are but very few fragments left for the poor Arab it seems. But is *nature* to be accused of this? or the unjust and rapacious regulations of society? Mr. Malthus, and those of his school, throw the blame on the labourers; but the labourers, as has been shown, have no power to improve their condition while such a state of society exists.

Those who have stripped, half-starved, and debilitated them, are to blame. The state of the labourers in Ireland and Upper Egypt is attributable to excessive exaction; and the present comparatively low rate of wages in Great Britain is to be accounted for from the operation of the same cause. Give the British labourer a suitable portion of the fruits of his own labour; and not only would his table be well spread, but new comers would be welcomed to the board, provided they joined in the labours necessary to heap it. Or, to drop Mr. Malthus' figure of nature's table, there would be plenty of employment and high wages.

Mr. J. Wade, a recent writer, in his history of the middle classes, is so imbued with the principles of the Malthusian school as to cause him to write as follows: "If, however, he (each labourer) contributed ten times ten shillings in tax; and the whole amount was at once repealed, it would not better his lot, provided his labour was redundant in the market." But why is labour, what the writer calls, "redundant?" Evidently because the labourers are stripped of what they produce, and a part of them are taken away to labour in gratifying the strippers. Leave to those labourers who are in employ £5. each, in addition to their present wages, and in expending that £5. on additional food and clothing, they would soon give employment to all who want it. And then a larger number of labourers would be employed in bringing into existence food, clothing, and all those other things which constitute real wages, and a smaller number would be employed in working up wealth already in existence, into a shape suitable to be consumed by the tax-eaters. Mr. Wade goes on to say, that wages are determined by the "competition of the unemployed, who, rather than starve, will accept any

wages on which they can barely subsist." Why, there are 'unemployed' in the United States, in England, and in Ireland; but the labourers are not equally reduced to "any wages on which they can barely subsist."

There are 'unemployed' in all countries, and they, in competition with the employed, seek to obtain the ordinary rate of wages, which rate is determined by the aggregate fund left for the payment of wages after other claimants have been satisfied. Reduce the claims of these *others*; lower rents, abolish tithes, and repeal taxes, and more will be left for wages. The general rate of wages will then rise, and all who labour will, in competition with each other, obtain such a rise of their particular wages as their peculiar labour entitles them to. And further, the same writer says, "if a tax on any article of consumption be repealed, the remission is speedily followed by an equivalent reduction in wages, because the remission has left a surplus beyond the means of that bare subsistence for which the unemployed labourer will submit to work." So then taxes do no harm! If bread, meat, and other similar articles, were to be, for a long time, taxed equal to their untaxed price, and the taxes were to be afterwards repealed, wages would then fall equal to the remission of the tax! Who then would receive that which was formerly tax? The government gives it up, but who receives it afterwards? The capitalists can only get their ordinary rate of profit, rent would not necessarily increase, therefore, the labourers are the only parties to receive it, and each individual would, most undoubtedly, come in for his share; or average real wages would rise probably to the height they are in the United States. It would be truly astonishing to find that such strange notions as those advanced by Mr. Wade, should be the prevail-



ing ones of the day, did we not know that numerous equal absurdities have been current in former times. Writers resemble sheep, if one contrives to take the lead others follow wherever he may go.

The amounts of wealth, expressed in commodities, which were taken from the primary producers in each of the years 1792, 1813, and 1831, may be estimated and exhibited by taking the sums paid by them, in currency, in each of those years, and ascertaining the quantities of wheat, as the representative of commodities, which those sums would command at the currency prices of the times. Thus,

	<i>Net wealth.</i>	<i>When wheat was at</i>	<i>Qrs. of wheat.</i>
In 1792..	£40,000,000..	55s. per qr. equalled..	14,545,454.
In 1813..	£155,000,000..	120s. per qr. equalled..	25,833,333.
In 1831..	£90,000,000..	66s. per qr. equalled..	27,272,727.
Or, if....	£100,000,000..	66s. per qr. equalled..	30,308,030.

The proportions of these taken by government and by individuals were,

In 1792	{	by government, £18,000,000..	equal to	6,545,454 qrs.
		by individuals, £22,000,000..	equal to	8,000,000 qrs.
In 1813	{	by government, £109,000,000..	equal to	18,166,666 qrs.
		by individuals, £46,000,000..	equal to	7,666,666 qrs.
In 1831	{	by government, £46,000,000..	equal to	13,989,393 qrs.
		by individuals, £44,000,000..	equal to	13,333,333 qrs.

Here we see that the commodities taken as net wealth, in 1831, were nearly double those taken in 1792, presuming only 90 millions to be taken at the first named period; and, if we suppose 100 millions to have been taken, then above double. During the war, the portion taken by government increased from say 6½ to 18, and, since the war, it has decreased from 18 to 14. The amount taken by individuals was, it should appear, a little reduced during

the war ; but, since that time, it has been raised from, say 7½ to 13½ ! Again,

	<i>Primary labourers.</i>	<i>qrs. &</i>
In 1792..	7,200,000 furnished 14,545,454 qrs. or 2 0 each.*	
In 1813..	8,257,144 furnished 25,833,333 qrs. or 3 1 „	
In 1831..	9,925,793 furnished 27,272,727 qrs. or 2 6 „	
Or if	9,925,793 furnished 30,308,030 qrs. 3 0½ „	

Thus, although the quantities of commodities furnished increased from 25,833,333, in 1813, to possibly 30,308,030, in 1831, the increase in the numbers of the primary producers reduced the average of each individual contribution half a bushel, or about 2 per cent. ; and yet it is commonly said and believed, that the increase in the numbers of the labouring class is injurious, and they are stimulated to leave the country. These comparative exhibitions, though not strictly accurate, throw a strong light on what was really taking place in the country at the time.

It has been already shewn that the loans made during the war were taxes on wages. It was bad enough to entail on the people the payment to others, for ever, of interest on the money they themselves had furnished ; but there are additional features in this borrowing system, as it has actually been conducted, which ought to be exposed. By borrowing in a 3 or 4 per cent. stock, instead of a 5 per cent. about, say £150. of stock were created, on an average, for every £100. of money borrowed. In the latter part of the war, money was so low in value as to cause £100. to be then equal in value only to what £50. were before the war, or are at present ! Therefore, should the £150. stock now have

* This is per head, including children. A family of six persons would furnish twelve quarters, and so on.

to be paid off, a value equal to three times that which was borrowed would have to be paid! Is not this monstrous?

For every £100. of money, of reduced value, then borrowed, stock was created, bearing interest often of £6. per annum, but say £5. This £5. being now payable and paid, it follows that £5. are now paid annually for the loan of what was equal to only £50. of present money,—or a real payment is made of 10. per cent. per annum on the value lent!

Two-thirds of the present debt were borrowed during the war, and that debt now requires that 30 millions a year should be raised to pay the interest. That amount was, in 1813, equivalent to . . . 5,000,000 qrs. of wheat, but it was, in 1831, equivalent to 9,090,090 qrs. of wheat! and, if the equivalents at the two periods could be expressed in manufactures, the increase in the value paid as interest would be much greater, seeing that the money prices of wheat are kept above those of manufactures by high rents. Should a perfectly free trade in corn be established, and wheat sink to 50s. per quarter,* and other articles sink in the same proportion, then these 30 millions, which were, in 1813, equivalent to only 5,000,000 quarters, would be in, say 1834, equivalent to 12,000,000 quarters of wheat! or other commodities of equal value. Is it not surprising that even the British people, increased

* It is now, December, 1833, actually below 50s. Mr. Joshua Bates stated to the committee on manufactures, &c. in 1833, May 17, "that wheat in the western country (of North America,) was at a high price when 16s. a quarter. It might," he said, "then be delivered at London or Liverpool at about 30s. per quarter." If wheat were to sink to that price, and all other commodities sink to the same level, it would require 30 millions of quarters of wheat, or other equivalent commodities, to furnish the interest of the national debt, being four times the quantity required in 1813!

in number as they are, can bear up under a dead weight of this magnitude?—laid on in reckless ignorance, when money was of little value, by a party utterly regardless of what might be the consequences when money recovered its value.

The following table, shewing the proportion of the population engaged in various branches of production, and in receipt of income is given by Marshall.

	1831. <i>No. of Families.</i>	1831. <i>No. of Families.</i>	1831. <i>Total No. of Persons</i>
1. Agricultural occupiers.	250,000	250,000	1,500,000
2. Agricultural labourers.	738,956	800,000	4,800,000
3. Mining labourers	110,000	120,009	600,000
4. Millers, bakers, and } butchers }	160,000	180,000	900,000
5. Artificers and builders.	200,000	230,000	650,000
6. Manufacturers	340,000	400,000	2,400,000
7. Tailors, shoemakers, } and hatmakers . . }	151,000	180,000	1,080,000
8. Shopkeepers	310,000	350,000	2,100,000
9. Seamen and soldiers . .	319,300	277,017	830,000
10. Clerical, legal, and } medical }	80,000	90,000	450,000
11. Disabled paupers	100,000	110,000	110,000
12. Proprietors of annui- } ties }	190,000	316,000	1,116,398
	2,941,383	3,303,504	16,537,398*

From this table it appears that, in 1831, there were only 800,000 families of agricultural labourers, including the able-bodied paupers, to cultivate the whole of the lands of Great Britain, being one family to 50 acres; and, while the whole manufacturing population amounted to but 400,000 families, the proprietors of annuities were 316,000 families. The table is curious and highly interesting; but, as it does not enable us

* There are errors in this table, but they are not important.

to distinguish between *non* producers, *secondary* producers, and *primary* producers, it does not furnish the means of dissecting society economically. The increase in the families of annuitants, in *ten years*, from 190,000 families to 316,000, is, however, an extraordinary alteration, and indicates an increase of the number of unproductive families, which would surprise, if our preceding remarks and statements had not shewn that such must be the results of the system which has been in operation.

Effects of the increase in the number of annuitants may be seen in the increase of the population in the places more particularly selected for their residences. In the years named the numbers were, in

	In 1811.	In 1831.
Chelsea	18,262	32,371
Kensington.....	10,886	20,902
Paddington	4,609	14,540
Mary-le-bone	75,624	122,206
Pancras	46,330	103,548
Islington	15,065	37,316
Battersea.....	4,409	5,540
Camberwell	11,309	28,231
Clapham.....	5,083	9,958
Brighton.....	12,012	40,634
Cheltenham	8,325	22,942
Worthing	2,692	4,576
	214,606	443,764

being an increase, in 20 years, of above 106 per cent.!—
See also pages 179 and 180.

The following general statement, from the official tables of 1833 (p.139), will shew the increase of crime:—

Number of persons committed to the gaols in England and Wales, for trial, in each of the two periods of 7 years ending in 1825.

In the 7 years ending with the year 1818.. 64,538.

In the 7 years ending with the year 1825.. 93,718.

In 'The Companion to the Almanac' for 1834, just published, there is an article on wages and prices, in which a partial view is presented of the state of the cotton manufacturing population. For instance, the prices quoted as paid for weaving are those paid in the town of Manchester, which are considerably higher than those paid in places at a distance from it. This arises from the saving of carriage by the master, on the one hand, which enables him to pay more, and, on the other hand, from the greater expence of living in Manchester requiring that the workman should receive more. Yet, notwithstanding, in weaving the seven kinds of fabrics named in the article, including fancy and best nankeens, and quiltings, woven by the best men, the mean sum obtained per head per week is admitted to be less than 10s. In the spinning department there is the same kind of partial statement. The principal returns are from the mills of Messrs. H. Holdsworth and Sons, Glasgow, and Mr. Thomas Holdsworth, Manchester, both spinners of very fine yarns, who employ the best hands, and, of course, give the highest wages. The persons sufficiently skilled to work in these mills are not yet so numerous, compared with the demand for them, as to cause wages to sink as low in them as they have sunk in the inferior departments. The real value too, of these wages, is estimated in the present very low prices of food; but will the wages named *continue*, with *the present* prices of food? No! either food will rise in price, or the wages will fall; perhaps both may take place together.

GREAT BRITAIN, &c.

CHAP. X.

FROM 1828 TO 1834.

PRODUCTIVE POWER OF LABOUR TO RAISE FOOD, AND PROCURE IMPORTS.—IMPORTERS DRIVEN TO DEAR MARKETS.—PRODUCTIVE POWER OF SECONDARY PRODUCERS UNIMPORTANT TO THE PEOPLE.—ENGLISH SYSTEM OF POOR LAWS, AND ITS INFLUENCE ON THE CHARACTER AND EFFICIENCY OF LABOURERS.—PAUPERISED STATE OF THE LABOURERS.—PARISHES OF LENNHAM AND EASTBOURN, WAGES, RATES, TITHES, AND RENT.—PAUPERISING EFFECT OF HIGH RENT.—CULTIVATION DRIVEN TO THE SEA SHORE.—PAUPERISM THE EFFECT OF EXCESSIVE EXACTION.—EXACTION IN IRELAND AND IN ITALY.—PARTIAL CHARACTER OF THE “REPORTS OF THE POOR-LAW COMMISSIONERS.”—RETURNS THAT ARE WANTED.—DIFFICULTY OF COMPREHENDING THE MAGNITUDE OF THE DEBT.—THE RECEIVERS OF THE INTEREST COMPARED WITH THE PERSONS ENGAGED IN THE COTTON MANUFACTURE.

—oo—

IN the analysis in the preceding chapter, no estimate has been made of an increase in the productive power of the people, because it is a question whether such an increase has or has not, on *the whole*, taken place within the last 40 years. During the progress of the rise of prices, and the increase of prosperity to the farming capitalist, there can be little doubt that such improvements took place as considerably increased the productive power of agricultural

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labour. This was, however, in some degree, counter-balanced by the diversion of labour to inferior soils, previously considered unfit for cultivation. Even during the period of high prices, few of these could be made to pay the expences incurred, and, therefore, on them labour could not be very productive. But, since 1813, as the farmer has had to carry on his operations with diminishing means, the labour employed on such lands must have been less productive, and, in all probability, much more land of that kind would have been thrown out of cultivation, had not the increase of rent had the effect of driving labour extensively to inferior lands, in order to endeavour to escape the pressure of rent. But in thus leaving, to some extent, rich land where it was highly productive, to go to poor, but nominally low-rented land, the productive power of the labour became, on the whole, reduced, and this reduction would more or less counterbalance the improvements made in the systems of cultivation during the period of high prices.

It should be remembered, also, that within the whole period of which we are speaking, while rents have been greatly advanced, and labour driven to inferior land, the population to be supplied with food has increased at least six millions, that is, from ten to above sixteen millions. Now, if a considerable part of the supply of food required by this additional population is obtained from poorer land, we may well doubt whether, on the whole, the productive power of equal labour has increased in agriculture.

Such quantities of food, as are at present imported from other countries, undoubtedly cost the country more in labour than equal imported quantities did during the war. The food at that time imported was obtained in return for smaller quantities of exports, and, in the

production of which, but little labour had been expended; but now it is requisite to export, not only larger quantities of goods to obtain any supply of food, but it is necessary also that those quantities should be so much larger as to require much additional labour to be expended in their production. The labour employed in procuring food in the indirect way, through importation, is, therefore, less productive for the people of this country than it was twenty years ago, while more food is now obtained through importation.*

The same kind of remarks will equally apply to other articles of import, the previous prices of which had not been raised by the high money prices in Great Britain, as they also cost more labour to procure them than they had previously done. However much, therefore, the productive power of the labour employed in various manufactures in Great Britain may have been increased, and however much that increase may have benefited the consumers of those manufactures, either at home or abroad, the returns for them from foreign countries have been greatly reduced, and, consequently, the labour employed in this way has become less productive to the people of Great Britain. The power of procuring those articles which we cannot ourselves produce, equal quantities of labour being employed, has diminished, and in a country which imports so large a part of the

* Mundell, in his tract 'On the operation of the corn-laws for the last 60 years,' says that, "in the 5 years ending on the 5th of January, 1831, the average import of grain was 4,130,305 quarters per annum."—(See also the words 'corn trade,' in M'Culloch's 'Commercial Dictionary'.)—And, in the official tables of 1833, it is stated that, from 1826 to 1831, both inclusive, the quantities imported of foreign and colonial grain and meal, including peas, were 2,259,143 quarters per annum, brought from Ireland 2,214,374 " Total 4,473,516 quarters per annum.

—See page 162 of the tables.

wealth consumed, this is a point of no inconsiderable importance.

It was formerly the avowed general policy of the British government to prevent the importer from going to the cheapest markets to purchase his goods, and to compel him to go to such parties only as would agree to take our goods directly in return, and the result has been that while our improved and cheaply produced articles alone are exported, and sold at very low prices to foreigners, we are obliged to pay such high prices for our imports as restriction to bad markets compels us to submit to. And thus the power of British labour to procure imported commodities is reduced, not only by those causes over which laws have little influence, but also by the pernicious operation of absurd and vicious laws. It is to be hoped, that, when the simple but important truth is distinctly seen, that a nation is benefited by the wealth it receives, and not by that with which it parts, that those absurd laws which drive us from cheap, and send us to dear, markets, will be repealed. While they exist they undoubtedly lessen the power of British labour to procure supplies of foreign commodities, and, consequently, make it really less productive when producing exports. The restrictions to dear markets are defended on the ground that there is a necessity for forcing a system of reciprocity in trade. Why, all foreign commerce is necessarily founded on reciprocity. It is essentially exchanging goods for goods; and, from whatever market you obtain your goods, you either directly or indirectly give goods in exchange. By going to a cheap market, you get *more* goods in exchange, that is all the difference; that, however, is a very important difference to the consumer. And the British importer having been, by impolitic partial duties, driven to Portugal for wine, to Canada

timber, and to Jamaica for sugar, has made the labour of the producer of British exports less productive, because less produce is obtained in return for them.

Col. Torrens has lately attempted to shew that restriction is the best policy for Great Britain, as by restriction the value of money may be kept down. What has been advanced respecting the causes which determine the value of money, sufficiently answers all that the Colonel has put forth in his Commercial matters. The kind of benefit really derived from free trade is strikingly shewn in what has taken place in Matamoras. Mr. Thompson, in his account of that country, p. 491, says, "British goods are sold in Matamoras very cheap, not perhaps above 30 per cent. cheaper than they can be purchased in the respectable retail shops in London. The fall in their prices, as compared with those at which they sold before the ports were opened, or when the Spaniards had the monopoly, is excessive: they may, in most cases, be bought for *less than one-tenth* of the former price." The people of the country consume more European manufactures in one year than they probably did before the revolution in a century." Here we see that commerce furnished these people with ten articles instead of one! in return for what they exported. Captain Hall also, when writing of Santiago and Valparaiso, says, that the prices of goods under the Spanish rule, and under a system of free trade, were as follows, in reals:

Under Spanish rule. With free trade.

Printed cotton goods ..	18 to 24.....	2½ to 3
Velveteens	26.....	2
Crockery, per crate ..	350.....	40
Hardware	300.....	100
Glass	200.....	100

while Chili copper, *the produce of the place*, rose from 6½ to 7 up to 12 to 13. Thus, a given weight of copper, produced by the people of Chili, would obtain 26 times the quantity of velveteen, after the free trade was established, that it would have done before ! Here the very great benefit is clearly realized in the imported velveteen.

There is an important distinction to be made, when speaking of an increase or decrease in the productive power of British labour affecting the condition of the great mass of the people ; and, if proper attention had been paid to this distinction, it would have removed much of the obscurity and ambiguity which has surrounded the subject. The benefit which *a people* receives from an increase of productive power is limited to an increase of the productive power of the *primary* producers. It is of no consequence whatever, to the mass of the people, whether the luxuries brought into existence, by the secondary producers, are produced in an unimproved way, or by an improved process. It is of no consequence to them, whether a diamond-necklace can be polished and set in 100 days, or 50 days, or 10 days, as the only difference would be, that the consumer (the wearer) of the necklace might have two instead of one, or might have more of some other luxury. If the secondary producers were to have their productive powers so much increased, that they could, with equal ease, produce double the quantities of articles, it would *not make the least difference* in the general condition of the people ; precisely the same number of secondary producers would be employed, and real wages would be exactly the same. The only difference would be, that each net receiver would have two balls or routs, two chalked floors, two silk dresses,

two diamond necklaces, two carriages, &c. &c. instead of one;—points, no doubt, of due importance to the parties who enjoy those things, but not of any to the great body of the people.

This subject has been rendered obscure by the distinction which has been made between what have been called productive and unproductive labour—a distinction which serves no good purpose whatever. Of what consequence is it to the people whether a secondary producer brings forth a number of musical sounds in an opera or concert, which immediately afterwards cease to exist; or chalks a floor, which may exist one night; or makes a lace dress, which may last two nights; a carriage, which may last a season; or a decorated mansion, which may last an age—provided, as is always the case, that these various things are enjoyed exclusively by the net receivers? No part of them ever becomes wages, to be enjoyed by the people; and, therefore, however abundantly they may be produced, or however short or long a time they last, they never benefit the people.

Among the primary producers, no one attempts to employ labour unproductively. Those who study the best modes of labouring,—those who exercise a watchful superintendence, and direct labour,—those who controul, and, when necessary, coerce, as judges do;—all these assist, and give very valuable assistance too, in the great labour of primary production, and are as much primary producers, and contribute as essentially to the bringing into existence of the great mass of primary produce, upon which the whole society depends, as those who hold the plough, the reapers, threshers, millers, or bakers. If, indeed, the plan of a late minister, of having holes dug one day, and filled up the

next, had been adopted, (and the bare naming of such a plan marks the state of information on the subject at the time,) we should have had some unproductive labourers among the class of primary producers. But, next to the hole-digging plan, is that of compelling the importer of foreign produce to purchase in a dear, instead of a cheap market ;—to give 100 days' labour, or the produce of 100 days' labour, for an article in one market, when he could obtain it for 80 days' labour in another ! The 20 days' labour, thus thrown away, might really have been quite as well employed in the hole-digging manner.

The English system of poor laws, although it has had many beneficial effects, has, nevertheless, some injurious ones ; among which may be named, reducing the productive power of labour. Under this system labour is often in excess in one part, while it is much wanted in another part. The labourer is compelled to remain where his labour is not wanted, and where, if used, it would not be very productive, and is, at the same time, prevented from going to the place where it is the most wanted, and where it would be the most productive. And as this is the case throughout the greater part of the country, the aggregate productive power of labour must be seriously affected by it. The system of making up deficiencies in wages by allowances from the poors' rates, so as to render the wages of all just equal to a bare subsistence, whatever the degree of exertion of individuals may be, is directly calculated to destroy all energy of character. Superior reward is the great stimulant to superior exertion ; take away that reward, and listlessness and languor must, to a greater or less extent, succeed to energetic exertion ; and the productive power of labour must decline. Poor

laws do good in protecting the less efficient labourer from that extreme impoverishment and distress into which excessive exaction might, in the absence of those laws, plunge him ; but, they cannot protect him from that deterioration of character which results from substituting dependence on parish allowance for reliance on individual exertion. Man cannot, with impunity, be stripped of a large part of what he produces, and then have a uniform scanty allowance doled out to him. His labour, and its reward, which should be in close connexion and dependence upon it, are separated ; and, as far as respects his mind and feelings, they are made independent of each other. He will now attempt to obtain the allowance by other means than working ; and self-abasement, in all its various shapes, will be resorted to, to propitiate the party who deals out to him that allowance ; but destruction of energy of character, and decline of ability to produce, is the inevitable result.

In a book lately published by “the commissioners as to the administration of the poor-laws,” already adverted to, a great number of facts are given, which shew that systematic relief to the labouring class from a general fund, raised apparently, and *only apparently*, from others than the labourers themselves, has had a considerable influence on the productive power of the agricultural labourers of England. It is stated that in many places agricultural capital is diminishing.*

* Mr. A. Murray, who had been a practical farmer and manager in several counties in England and Wales, in his evidence before the agricultural committee, in 1833, states most positively, from actual observation, that, within the last twenty years, produce has been very considerably reduced—(he estimates the reduction at one-third);—that the quality of the land has been greatly deteriorated, and that the farmers on cold clay lands are

If this should become generally the case, the peculiar evils arising out of the poor-laws will increase, while the difficulty of altering those laws will increase in a greater degree. Indeed it is not possible to press exaction on labour to an extreme degree, without experiencing bad effects from it in some form. If a system is established, which enables you to relieve those who are the least able to bear the extreme pressure, it is in human nature that an increasing number should endeavour to obtain that relief; and each individual, in order to entitle himself to it, will exert his ingenuity to put on the appearance of distress; and many, if no other means succeed, will relax their energies, enjoy the, to them, luxury of indolence, and really sink into the degree of distress which shall give them the requisite claim for support in idleness. And if you do *not* establish such a system of relief, the victims of exaction will present themselves in another form. Wretchedness and beggary will throng the streets and highways. Imposture and profligacy will follow. Vagrancy, and all its attendant vices, will multiply, and if the poorer portion of the labouring class do not retain sufficient energy or desperation to take refuge in rioting or insurrection, they will sink into a state of listless wretchedness and hopeless imbecility.

The commissioners establish one point most clearly, namely, that a great number of the agricultural labourers and hand-loom weavers are unable, by their utmost exertions, to obtain, for themselves and their

enabled to pay their rents only by hard cropping, and by drawing from their capitals. This description, he says, applies to nearly all parts of the country; and in this opinion he is, for the most part, fully borne out by fourteen other witnesses, all of them practical men.

families, a subsistence equal to that which it has been considered requisite to allow to paupers and felons. This fact being proved, it becomes a matter of surprise that a still greater number of labourers do not entitle themselves to the superior subsistence. But what is the cause—the active operating cause of honest industry being placed in this unfortunate state? It was not the business of those who made this report to advert to the cause. They have contented themselves with exhibiting the injurious effects of diverting those funds to the support of the pauper which should flow to the independent labourer. They shew that the farmer, having but a limited amount of capital to disburse, when he is compelled or induced to pay a part of this to support the pauper, has so much less left to pay to the independent labourer; but they do not shew how it happens that the amount of capital possessed by the farmer is so small that he cannot possibly give the independent labourer such wages as will enable him to support himself and family decently, and also to afford requisite assistance to sick and aged relatives, who are now obliged to take refuge in the poorhouse, where, however, they intercept and absorb a part of what should flow into his hands as wages. But, though the commissioners have not explained this, they have incidentally furnished some facts which throw considerable light on the subject, and to these we will briefly advert.

The parish of Lenham, in Kent, is the first place of which an account is given. The report is from Mr. Majendie: he says, “Lenham contains 6,523 acres; is an extensive agricultural parish; much of the land is of a poor quality, still there is a considerable quantity of a fair average; some is out of cultivation. A large estate has been several years in the hands of the

proprietor,* and a farm of 420 acres of good land, tithe free, well situated, has been just thrown up by the tenant of another landowner." The pressure of the poor's rate on the farmers, in this parish, amounting, in 1832, to £4,290. has been so great as to induce them to try a labour rate, which is done according to the following plan:—"There are, in the parish, 115 married men, 75 single men, and 40 boys above the age of twelve. The wages of these, calculating the married at 13s. 6d. per week, single at 8s. and boys at 3s. would amount to about £500. a month. This sum has been assessed on the respective occupiers, according to the different value of the land;—the poor arable at 1s. 6d. per acre per month, the superior arable at 2s. hops at 5s. meadow, pasture, and wood, at 10d. and the great tithes, 9 men at 9s. 6d. small tithes, 3 men at 9s. 6d. making £5. 14s. per week. The amount is either to be worked out, or paid to the overseer at the end of the month. The farmers now seem to think that there are *not too many* hands in the parish to cultivate the land properly. The parish consisting of 6,500 acres, the sum of £500. per month amounts to about £1. per acre per annum; and, according to general information, the labour required, in fair farming, must be equal to that expenditure. The experiment is but just commenced. The rental of the parish is £6,423."

Now here we have an agricultural parish which had been so much distressed by poor's rates, as to be obliged, as we are told, to borrow £100. from the Maidstone bank, and driven to try a labour rate. This

* Proprietors practically keep up rent by holding their lands until a tenant will take them at the current rate of rent.

parish had, in 1831, a total population of 2,197, and has 6,523 acres, much of the land of poor quality, though some produces hops, and 190 men and 40 boys are considered fully equal to its cultivation. Taking 3 boys as equal to one man, we shall have, say, 203 men employed in cultivation, at £500. per month, or £6,000. a year; and this, we are told, is all the capital that the farmers can continue to raise for the payment of labour; and the question with them is, how this limited quantity can be best laid out on labour. It is felt to be so little, that, manage in whatever way they may, it is difficult to make it meet the wants of the labourers. But, amidst these difficulties, let us mark one fact, which is given, it is true, by Mr. Majendie, but it is not afterwards noticed, this parish yields a rental of £8,423. a year! a sum equal to the whole that is paid to all the labourers employed in cultivation! Now, taking the labouring cultivators, including their families, at, say, 900 individuals, here we have the owners of these 6,523 acres of land, much of which is poor, receiving more than supports these 900 persons!

The farmers evidently have their power of paying wages and poor's rate reduced and kept down by having so large a sum to pay as rent. Suppose the rent to be reduced one-half, or £3,000. a year, would not the power of the farmers to pay wages be immediately increased 50 per cent.? Yes, and they then might give such wages as would fully enable the labourers to sustain themselves, independently of pauper relief. And if such a reduction of rent were to become general, the farmers, in time, would be induced, or compelled by circumstances, to raise wages equal to the reduction of the rent. For, what other use could they, as a body,

make of the £3,000.? If some of them attempted to add it to their own profits, and spend it as revenue, others, by offering higher wages, would tempt their labourers to leave them, and thus compel them to advance wages. The course which circumstances would urge the farmers to take would be, to expend the money in improving the cultivation; and this would require additional labour. Industry would be in demand; and those who possessed it in a superior degree would be sought out, and secured by higher wages. The increased quantity of landed produce which would be the result of this process would furnish additional subsistence to the whole community; and labourers generally would feel that their condition was improving,—that superior industry would command good wages; and their efficiency and independence would be increased. In short, all things would proceed in the opposite direction to that in which they have been moving for the last 40 years. During that time the quantities of produce abstracted from labour have been increasing, and the condition of the agricultural labourers has been declining, notwithstanding that the poor laws have assisted in sustaining them, until, at last, the evils peculiar to those laws themselves begin to operate. But, if you could reduce the quantities of wealth taken from labour in the shape of high rents, the labourers would recover; and the evils of the poor laws might then be soon corrected.

In this parish, too, where the rental alone was more than the wages, we find that a tithe was exacted, which, when the labour rate was imposed, paid towards that rate £296. a year. As this was voluntary on the part of the tithe owner, it is reasonable to suppose that the tithe was worth, at least, four times that sum, but we will put it

down at £1,000. a year. Here, then, we have another £1,000. which had been taken from wages ! and how was it possible that wages could be high when so much was taken from the fund which supplied them ? The labourers have to put up with the amount that is left, *after rent and tithe have been furnished* ; and, in this case, as far as we have gone, this amount was only six out of thirteen, and these six are all that they can possibly get, whether it comes in the shape of wages or of parish relief, because there is no more for them. In the case of Lenham, indeed, the farmers contrived to get back a part of the tithe, in the form of a labour rate ; but this mode of reaching tithe is complained of generally by the commissioners, as an injustice to the tithe owners, The 203 labourers, in this parish, aided by capital, produced wealth from which was paid an average per man, for rent only, of £31. 12s. a year ; for tithe, we suppose nearly one-sixth of that sum, making a total approaching £37. a year, furnished, on an average, by each labourer, while the amount left for the wages of each labourer, on an average, was only about £30. a year ! Is not the operating cause of low wages very clear ?*

One of the evils springing from the poor-laws is the obstructions which they present to the free circulation of labour, and the local superabundance of labouring population, which they occasionally appear to exhibit, has probably given rise to, and certainly countenances, the prevailing opinion that the aggregate labouring

* This case may be taken as a sample of the whole country, and it shews how absolutely necessary a knowledge of the real nature of rent and tithe is, to enable us to judge of the causes of the condition of the labourers. The present erroneous opinions, on those subjects, tend to keep the labourers in misery.

population is in excess. It was supposed to be so in Lenham, until, through an arrangement, all the labourers were taken by the farmers, and then they discovered that there were not more than were requisite in *fair farming*! The strangest thing is, that they should ever have been, by people capable of reflection, thought too numerous. These 203 labourers, besides furnishing to the farmers the ordinary returns for their employed capital, and keeping up the necessary stock of cattle, implements, and seed, raise from the land produce which yields to the land and tithe owners £7,000. while they have only £6,000. for themselves; and yet these highly productive people were thought too numerous! Why, each labourer consumed only a small part of what he produced, and yet emigration to a foreign country was looked to as a remedy! Suppose 53 of the Lenham labourers had emigrated, would the remaining 150 have been able to raise produce enough to keep up the stock, remunerate the farmer for the use of his capital, furnish the £7,000. of rent and tithe, and create for themselves additional wages? Or might not the fund left for wages, instead of being increased, be reduced in a greater degree than the labouring population had been reduced? The sum of £4,500. would yield about the same wages to the 150 which the £6,000. did to the 203, but might not the sum be reduced to £4,000. or to £3,000.? And then would not the farmers and overseers find it still more difficult to provide for the 150 than it was for the 203? Another emigration would then become equally or rather more necessary, which would lead to a third!

The real evil, however, most clearly is, a decline in the fund for the payment of wages, as compared with

the number of the labouring population; and this decline is attributable, not to the excessive numbers of that population, but to the absorption of too large a proportion of the whole wealth in rents, tithes, and taxes. The case may be, and no doubt is, rendered worse by the obstructions presented to the free circulation of labour, and by the partial decline of industry, consequent on the poor-laws; but the evil originates in, and is perpetuated by, excessive exaction, and can be removed only by the removal of that exaction. Highly productive labourers can be impoverished only by having too much of the produce of their labour taken from them; but if that is done, although palliatives may, for a time, mitigate the evil, though benefit societies may provide local funds to relieve those who first break down, or parish funds may be applied where want is the most pressing, still, only let the exaction be carried beyond a certain point, and the miserable harassed labourer will become more intent on scrambling for an immediate share of the funds, than on obtaining, by steady exertion, a scanty subsistence from wages. The account of the parish of Lenham presents a valuable lesson to those who have to direct the affairs of Great Britain.

The second case, given in these reports, is that of Eastbourn, in Sussex, having 4,597 acres of land, with a rental of £6,288. and an expenditure of poor's rate amounting to £4,250. The population, in 1831, was 2,726. This place is represented as possessing great natural advantages, and as having made an effort to keep down the poor's rate, which failed. Pauperism exhausted the funds provided, and the overseers were obliged to borrow £150. from the Lewes bank. "In the year 1830 a considerable reduction of wages had

taken place, many men were out of work, and the wages to single men, on the parish, did not exceed 7d. a day. A general spirit of discontent broke out, and incendiarianism prevailed to a frightful extent." "Under these circumstances a meeting was called, and an agreement made, that the wages should be 2s. a day for an able bodied married man; 1s. 6d. for a single man of 18; and from 3s. 6d. to 5s. per week for boys from 15 to 18. Proportionately increased allowances were made from the rates to the unemployed." "The effects of this forced rise of allowance were soon apparent: the sale of the farmers' produce could not suffice for both wages and rates, and a most injurious transfer took place of a portion of the sum expended on labour to the account of the rates. The principal occupier in the parish states the relative proportions on his farm to stand thus, in round numbers :

	In 1830.	In 1831.
	£	£
Paid for labour	900	700
Paid for rates	300	500"

Thus it appears, the parties receiving obtained no more than before, but received merely the same amount, although partly in another form. The fact seems to have been, that this farmer had no more than £1,200. to pay to labour; and if his rates increased £200. a year, he was *obliged* to expend £200. a year less in wages. Under the high rate system 300 able bodied persons were paupers! But we ought to remember, and to give due importance to the fact, that, in this parish, no less a sum than £6,288 was paid as rent!—about £1. 7s. per acre on an average. Now, if a fourth part,

or a half of this, had been left with the farmers, their funds for the payment of wages would have been just so much larger, and wages would have been just so much higher. Of tithes, in this parish, nothing is said.

Some of the labourers, it appears, have attempted to extricate themselves from the adverse circumstances under which they were placed. "Allotments of land have been furnished to them by Mrs. D. Gilbert, commencing in 1830 with 35, and increasing the number since to 117. The tenants pay their rents with punctuality; and such is the conviction of the benefit derived, that some other labourers have made a voluntary offer to give up a part of the parish allowance, if allotments were let to them. A remarkable experiment has also been made by Mrs. Gilbert, a portion of the shingle on the sea shore has been covered with clay, dug from an adjoining marsh, and some good soil afterwards spread on the surface; this land was hired by labourers at 3d. per rod, i. e. at the rate of 40s. per acre, which exceeds the rent of the best arable land in the parish, and a crop of potatoes was raised in the autumn from that which in the spring was unproductive beach."—See the report, p. 16.

Can these people be said to be idle? Here is a place, the total population of which is 2,726, and which pays a rental of £6,288. and yet, after having done that, a part of the labourers create new land on—absolutely carry it to, the sea shore! This is a striking instance of high rent, on the good land, not merely driving labour to poor land, where it is less productive, but of driving labour to make for itself new land! Such a fact speaks volumes on the influence of high rent on production. Through its influence, labour is driven from its natural course, the cultivation of the best

lands by independent and energetic labourers, and compelled to take refuge in such strange expedients as that above named; and it would not be surprising if the occupants of the best land were hereafter to be taxed to pay a part of the high rent charged for this expensively formed land on the sea shore.

It is often said by political economists that high rent does not lower wages, because there are lands under expensive cultivation for which scarcely any rent is paid. But the answer to this is, that such lands would not be cultivated, if wages had not been previously reduced by the high rent charged for the superior land. The cultivation of such poor land, therefore, where labour is so little productive as barely to realize low wages, is itself an effect of high rent on better land. Labour has, in fact, been driven from the good land by high rent, and merely takes refuge on the poor land. Such poor land would not be cultivated in the United States, where rent is low.

When rent is raised, the profit of the farmer having previously been barely the common rate, he may retain his ordinary profit, and pay the additional rent in one of three ways. First, he may at once lower wages equal to the rise of the rent; secondly, he may discharge a part of the labourers, and thus save the rent, or a part of it, out of wages, while the diminished production would raise the price of landed produce; or, thirdly, he may adopt partly the one and partly the other of these plans. Practically the third is the course generally taken. One labourer out of, say, ten is dismissed, labour is then gravely said to be *redundant*; and the unemployed man, having no other resource, offers to work at lower wages. This forms an inducement to, and is made a pretext for, lowering the wages of the

others, while the choice of labourers, which is thus given to the farmer, enables him to stimulate them to do more work ; and thus he may possibly get as much work done by the nine as had been previously done by the ten men. In this way, the whole additional rent may be wrung from the labourers, while the unemployed are pointed at as evidence of the excess of population. This is, however, not only a cruel, but a very dangerous course, and cannot be pursued beyond some certain point without the worst effects resulting. Stimulants to a given extent may produce greater exertion ; but that energy of character, which makes the labourer highly productive, may be destroyed by being pressed upon too far, and then all parties must suffer, the proprietors and farmers, as well as the labourers. Poor-laws may modify these results, but cannot prevent them from finally arriving.

A parliamentary paper represents that, in the year ending March 25, 1832, the amount of poor's rate had increased on the preceding year, in all England, 3 per cent. In Berks, Buckingham, Cambridge, Durham, Kent, Northumberland, Oxford, and the east riding of Yorkshire, the increase was 5 per cent. In Monmouth and Norfolk, 6 per cent. ; in Surrey and Wiltshire, 7 per cent. ; and in Sussex and Somerset, 8 per cent.

A more effective country police is called for in many parts of these reports. Indeed, to prepare the public mind for an alteration of the police appears to have been one of the objects of those who have put out this publication. Some of the particular evils arising out of the present state of the country, may, it is very likely, be partially remedied by a numerous police. The labourers may be more completely prostrated, and left to be dealt with at the discretion of the farmers, who

may, in competition with each other, go on giving increasing rents for the lands, and paring down wages to the lowest possible point, awarding to each individual of the labouring class the smallest possible quantity of the cheapest food ; but after all this is done, will such a system improve the character, or increase the productive power of the labourers ? It is not asked—whether such an alteration could or could not be effected—whether property or life would continue safe, but, if effected, whether the country would be in a better state ? The occupiers of land might possibly be made a kind of incorporated body, and have the power to half-starve or flog the labourers, to compel them to work ; they might use the same means as those employed in the West Indies to goad the slave to exertion ; but still the question recurs, would the country be in a better state ? Let those who have ascertained the respective productiveness of slave and of free labour answer the question.

Nearly all the complaints made of the bad working of the poor-law system in England shew, that excessive exaction is at the bottom of the evil. The working of that system only exhibits the particular forms which the evil takes under its influence. But if the evil did not shew itself in these forms, it would in some others. In Ireland, where there are no poor-laws, excessive exaction is met in other ways ; such as, resistance to the payment of tithes, or the murder of the collectors ; with combinations to prevent lands from being taken at advanced rents, or to burn the houses of those who take them, and too often to murder the offenders. The evil is of the same kind in the two countries, and the poor-laws merely cause it to break out in a different way in England. In France, before the revolution,

similar causes produced similar effects. In Italy, the poor cultivator has long bowed to his fate: the *Contadini* (country labourers) were there so degraded that their testimony was not evidence in a court of justice. But what is Italy now?—the slave of Austria. The landowners get a very high proportional rent for their land, it is true; but they cannot properly call it their own, as they are slaves to foreigners, who permit them to enjoy such portion only as they please. It is often remarked that the labour employed on land of equal quality has been more productive in England than in the other three named countries. But why has it been so? Because English land was formerly cultivated by better paid labour; and if exaction has at last deteriorated English labour, adhering to, or increasing, that exaction, will not improve it, however strict may be the police. Take away the appeal from the overseer to the magistrates; prohibit relief from the poor's rate to those in employment, or even to all the able bodied; and cover the country with a well organized police—an Irish constabulary force, or a French *gens d'armes*; reduce the English labourer to as orderly and submissive a state as such means can reduce him to; still you cannot, at the same time, make him an able, energetic, and highly productive labourer. From numerous statements in these reports, the productive power of English labour appears to have partially declined; and there are no means of recovering it, but by leaving a better reward for those labourers who are dependent solely on their own exertions.

The information given in these reports is of a partial character: the object appears to have been merely to expose those parts of the workings of the poor-laws which have the worst effects. But, to enable any one

to judge correctly of the whole case, other facts should be given. In the first place, a table should be made out to shew the number of acres of land in the parish in productive use, and also the number of acres of poor or unproductive land; the annual value of the produce raised; the portion of that value required for keeping up the stock of cattle, implements, seed, &c.; the portion paid as rent, as tithe, as profit on the capital employed by the farmer, including remuneration to him for superintendence; the portion paid by the farmers as poor's rate, and for other taxes; and, finally, the amount paid as wages. Such a table as this, of a few parishes in each district, would enable any one to analyze the state of society, and to point out any peculiarities in the distribution of the produce or of the value of it; and, in the end, remedies for any existing evils might possibly be discovered, in the adoption of which all parties might concur. But, in nearly all these "extracts" from the reports, excepting Mr. Majendie's, not even the amounts of rent are given. Similar tables might also be made out from documents and other evidence, to shew the amount and distribution of the produce at preceding periods, say, at the commencement and conclusion of the war. The causes and their effects at the different periods might then be compared, and the working of each particular cause might be more distinctly traced to its final result.

In a table, given in the 'Companion to the Almanac for 1834,'* page 86, it is shewn that a very great alteration has taken place, in the last twenty years, in the

* This publication having a kind of half official character, I prefer quoting it as an authority.

relative numbers of the different classes which constitute the entire community in *England*. At the three periods of 1811, 1821, and 1831, the whole of the families, divided into three classes, were, in numbers, as follow:—

	In 1811.	In 1821.	In 1831.
Families chiefly employed in agriculture.....	697,353	773,732	761,348
Families chiefly employed in trade, manufactures, and handicraft	923,588	1,118,296	1,182,912
All other families not com- prised in the two preceding classes	391,450	454,690	801,076

Here we see that, while the families employed in agriculture increased only in a very small degree from 1811 to 1831, and were absolutely reduced in number in the ten years from 1821 to 1831, the families not employed in agriculture or manufactures, in the twenty years, more than doubled their numbers; and, in the latter ten years,—those years in which the agriculturists positively declined, these unemployed increased no less than 76 per cent.! The base of society is contracting, while the superstructure is swelling into enormous dimensions; and yet, according to the fashionable doctrine of the day, those who constitute the base are too numerous, and their numbers must be further reduced! The pyramid of society is becoming inverted, but that cannot be done in the social, any more than a similar thing can be done in the physical world, without endangering the whole structure.

The declining state of the farmers may be seen in the reduction of their stocks of wheat. Mr. Jacob

stated to the agricultural committee, in 1833, that immediately before the harvest of 1816, there was 6 months' consumption in hand. In 1817, there was 4 months', in 1818, 5 months', in 1819, 5 months', in 1820, 3 months', in 1821, 3 months', in 1822, from 4 to 5 months', in 1823, nearly 4 months', in 1824, about 5 weeks'; but since that it has scarcely equalled a month's consumption; and, in 1829, it was so much reduced, that no period was fixed to it in the computations.

If such are the reductions in the stock of wheat, we may be assured that there is also a considerable reduction in other kinds of agricultural stock. It is stated in various parts of the reports on the poor-laws, that the farmers are frightened into giving an advance of wages: and that they are paying it from their stock, or what should be their permanent capital. If this prove to be correct, it cannot last long. Cultivation will decline, landed produce will become scarce and again comparatively dear, and then will come another period of distress among the manufacturing classes. It may, however, be possible, that wages are approaching more nearly to equality in the departments of agriculture and manufactures, and that those of common farming labour are rising a little. The taxes that have been repealed recently must have left so much more wealth to be enjoyed by the producers, and as farming wages had been previously the most reduced, they may have recovered a little. But we should never forget what the real causes are of the degree of distress which exists, whatever that degree may be. Many persons speak and write as if they thought that no efforts should be made to benefit the great mass of the people, unless it can be proved that they are either actually in, or are sinking into, a state of misery. But

this is a position most insulting to the people. According to every principle of right and justice acknowledged by mankind, the people are entitled to have all the fruits of their labour left for their own enjoyment, excepting only those parts which are requisite for maintaining social order, and for keeping up the productive power of the country. Admitting for a moment that through the repeal of taxes, and the reduction of the general rate of profit on capital, common real wages may have risen a little, is that any reason why the people, or those who plead their cause, should be satisfied? Certainly not! Their condition should not only be improved, but it should be improved as far as it can be by doing them full and complete justice, and anything short of that ought to be exposed and reprobated.

When speaking of the sums taken as net wealth annually, it is difficult to find terms to convey an adequate idea of their magnitude. We speak of millions, and the word millions is as easily pronounced and written as hundreds or thousands, and the differences between the quantities of wealth expressed, are neither clearly seen nor forcibly felt. The annual interest of the debt, including the expenses of collecting it, is not less than 30 millions sterling.* This enormous sum is drained from all parts of the country, and is quietly paid in London. The receivers, who are distributed over the country, and intermixed with the rest of the population, unobservedly obtain the means to enable them to consume very large quantities of wealth *without producing* anything themselves. But as they are not collected in a body, it is difficult to figure to the mind

* With the *dead weight* it is 33 millions, independent of the collection.

the magnitude of the operation. Perhaps a comparison may assist.

The extent and importance of the cotton manufacture of this country have excited the admiration of all enquirers into such subjects. It is to be found of considerable magnitude in Ireland, of more gigantic growth in Scotland, and in England it rears its towering head far above all other manufactures. It is principally through the cotton manufacture that Manchester, and the country forty miles around it, contain two millions of inhabitants; and yet the probability is that all the people, both capitalists and labourers, engaged in this great manufacture, either directly or indirectly, do not obtain in return for their capital and labour an amount of wealth on which to subsist, and through which they are enabled to carry on their important trade, the arms of which embrace the world, greater than that which is regularly received and consumed by the idle and unproductive fundowners, who make no return whatever to society for it.

Mr. M'Culloch, in his 'Commercial Dictionary,' computes the numbers and incomes of those engaged in this great manufacture as follows :—

833,000 weavers, spinners, bleachers, &c.	
at £24. a year each	£20,000,000.
111,000 joiners, engineers, machine makers, &c. at £30. each	3,333,000.
Profit, superintendence, coal, and materials of machines	6,667,000.
<hr/> 944,000	<hr/> £30,000,000.

Of the 6½ millions, 2 millions are supposed to go for coal, iron, and other materials, for machinery and other outgoings, which would give employment, at £30. a year each, to

66,666, making a total, of people employed, of . . .

1,010,666. If, to these, we add one half the number of children, aged, &c. dependent on those who work, or an additional.

505,330, we shall have a total, supported on wages, of 1,515,996 persons. Add to these those who are supported, directly or indirectly, by the 4½ millions of profit, at £20. a head.

233,350, and we have a total population of. 1,749,346 persons supported by the 30 millions obtained in the cotton manufacture. For this 30 millions, a large part of the world is supplied with useful and beautiful fabrics for garments, &c. and returns are obtained of the products of the various commercial countries to which those fabrics are sent. But with what do the consumers of the 30 millions of dividends supply the world? Nothing:—they are mere consumers, and produce nothing in return. They, in fact, absorb, through taxes, a considerable part of the 25½ millions of wages paid to those engaged in the cotton manufacture, and materially reduce the amount of commodities which that sum would otherwise command.—“Look on this picture, and on that!—like a mildew’d ear blasting his wholesome brother.”

In page 306 is given a table, furnished by Marshall, from which it appears that, in the year 1831, there were employed, in cultivating the lands of *Great Britain*, 800,000 families, six persons to a family, making a total of 4,800,000 persons; and, from the reports published by the commissioners for enquiring into the workings of the poor laws, it appears that these families probably do not receive more, on an average through the year, than ten shillings a week each, making a total weekly receipt, by the whole number, of just £400,000. Now, by multiplying this by 52, the number of weeks in a

year, we discover that they receive, in the year, only £20,800,000. being about two-thirds of the sum regularly raised to pay the interest of the national debt.*

The £20,800,000. it should be borne in mind, is all that the employers of these 800,000 families have to pay wages with. If they are compelled to pay a part in the shape of poor's rate, they have so much less left to pay in the form of wages, as was shewn in the instance of Eastbourn. In some way or ways, by the landlord, the tithe owner, or the tax gatherer, or altogether, the farmers have been stripped of all the wealth which they and their labourers produced, excepting what is just sufficient to keep up their stock, to support themselves, and to pay these £20,800,000. as wages, or as wages and poor's rate; yet, at the same time, upwards of 30 millions are taken from the people to pay the interest of the debt, and these 30 millions are as flip-pantly and familiarly talked of as if they were only so many pounds!

At least twice the amount of 30 millions are annually abstracted from labour in various ways, beyond what is paid on account of the debt, and it is the large collective amount which oppresses the British labourer, and is the real source of British weakness. It is the cancer that is eating into the body politic, and which may, at last, destroy it. Nations have always sunk when they have carried exaction from industry to too great an extreme. The Eastern monarchies--the Roman Empire, Italy, Turkey, all bear witness to that truth.

It signifies but little in what form excessive ex-action comes, it is the amount which strips and paralyses

* If we suppose each family to receive 12s. a week, the aggregate would be only £24,960,000.

industry. An army may sweep the country in Asia; or multiplied taxes and rents may strip the labourer, as was done during the Roman Empire; excessive rents may be taken, as they have been for centuries in Italy; or a Pacha may seize the produce of labour wherever he can find it, as in Turkey; but these particular forms of exaction are not more certain of weakening and destroying a country, than is *excessive exaction*, conducted according to the most approved rules.

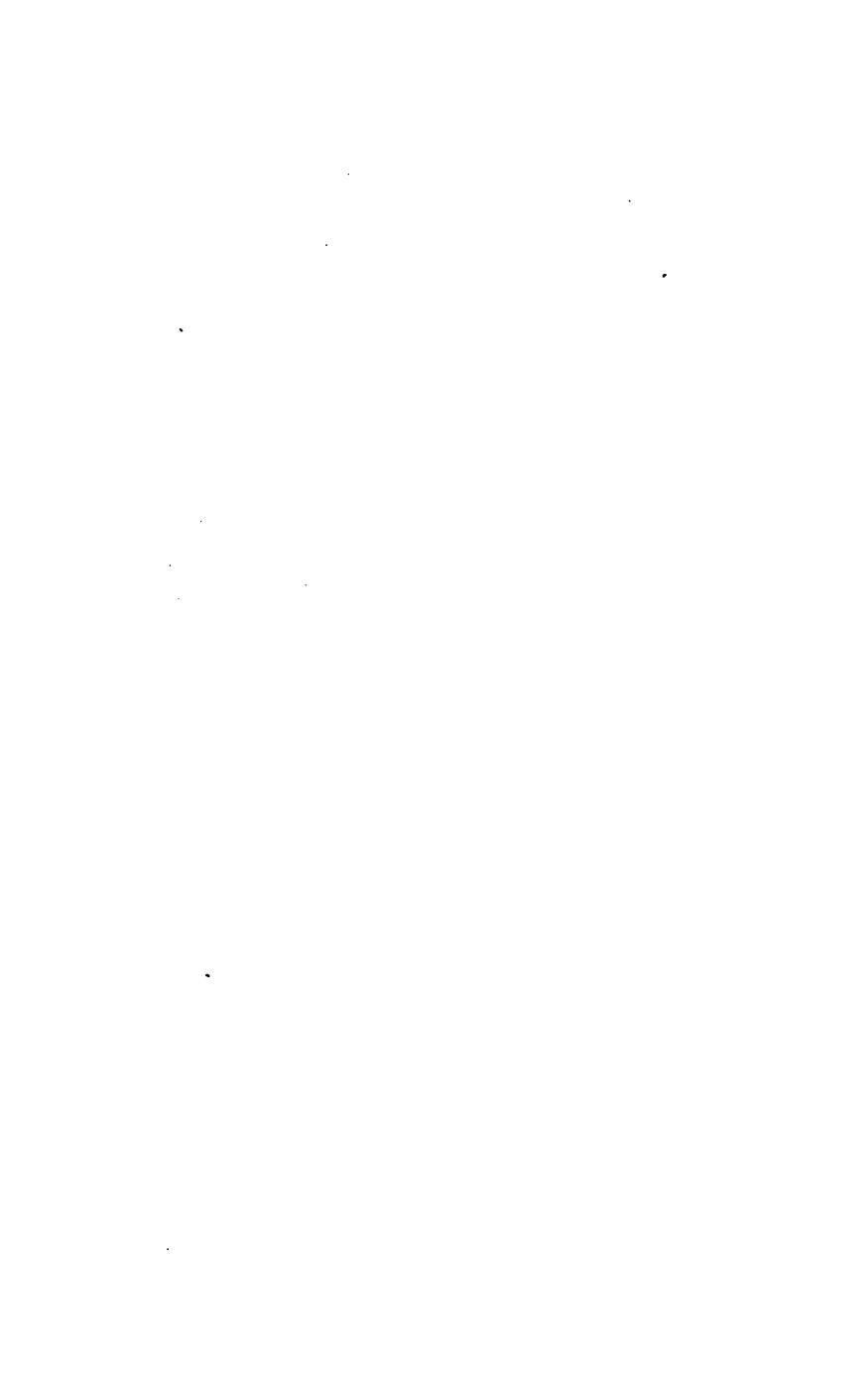
In addition to the burdens arising from tithes, rents, and taxes, the people of England have others of a more local nature. The county rate is a considerable tax; and over it the people have no controul.* Corporations, in many towns, have formidable powers, which they use for their own aggrandisement, and to the injury of the people. Numerous local abuses exist, arising out of the retention of old customs, belonging to another state of society.† The law is utterly unintelligible to the great mass of the people, and so dear as to be beyond their means. The assizes being held in the old county towns, justice is commonly too far off to be obtained by any but the rich. These evils press heavily on an already overburdened people; and they all fall finally on the labouring class. The high duties too, levied on numerous imported articles, by giving birth to smuggling, detach many persons from productive

* The county rate collected in England, for 1837, the latest year of full returns, was £709,580.

† In the town of Manchester, the lord of the manor, as the sole and exclusive proprietor of the markets for the sale of meat and fish, in charging for his stands and erections, has the power of taxing the people of Manchester, as he prevents any person from selling those articles in the township without paying toll to him. And the malt used in the town must be ground at the Soke mill, belonging to the Grammar School.

industry; and the whole of the aggregate burdens have, consequently, to be borne by a smaller number of primary labourers. These, although, if each be taken separately, they may appear of small moment, have, collectively, an important effect, and, it is well to bear in mind, that it was the last feather that broke the over-laden ass's back. Wages, we have seen, are dependent on what is left, after all other claims on the annual produce of labour are paid; and every one of these claims has its degree of effect in reducing the amount left, and, consequently, in reducing the wages of labour.

Into the particular remedial measures that should be adopted in order to increase the prosperity of the country, and restore it to a healthful and vigorous state, I do not, at present, propose to enter. It is desirable that the precise nature of the disease should be fully known before the remedies are applied.



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